1099 Processing

Training Guide

Version 2.0

Table of Contents

List of Figures

List of Tables

About This Training Guide

Training Guide Description

The Internal Revenue Service (IRS) requires that recipients of certain financial transactions pay taxes on those transactions. The providers of taxable benefits are required to notify the recipients of such taxable transactions and must file all returns with the IRS.

This training guide will explore how taxable payments made to vendors must be recorded, as well as discuss the information return form (Form 1099) that must be filed with the IRS. The form shows the reportable income for the vendor and any applicable backup withholding taken during a tax year. In addition, this training guide covers the information collected for the Form 1099, as well as how to correct that information when errors occur.

Training Guide Objectives

In this training guide, you will:

- Review the processes and sub-processes for 1099 processing
- Identify the table setup and summary processing steps for 1099s
- Examine the department 1099 review and adjustment processes
- Identify the process of issuing and correcting 1099 forms

Terminology

The terms listed in Table 1 are used throughout the 1099 Processing training guide.

Table 1: Terminology

Term	Description
1099 Reporting Classification (1099CL) Page	Establishes valid 1099 Reporting Classification codes, and the relationship between the Vendor Organization Type, Vendor Organization Classifications, TIN Types and 1099 Classifications.
1099 Date and Document Parameters (1099D) Table	Specifies 1099 reporting parameters by date and document code. It is used as input to the 1099 process. While the 1099 process normally selects records on a calendar year, this table allows users to select records based on a date range.
1099 Maintenance (M1099) Document	Enables authorized users to create or modify records on the 1099 Reported Income (1099R) page.
1099 Processing Options and Control (1099P) Page	Defines the parameters required by the 1099 reporting process to create IRS forms, magnetic media, and 1099 reports.

Term	Description
1099 Reporting Information (1099I) Page	Defines valid Taxpayer ID Number (TIN) and TIN Type combinations and provides tax related information for the 1099 Reporting process.
1099 Reported Income (1099R) Page	Records the consolidated income from the 1099 Journal per Taxpayer ID Number and Taxpayer ID Number Type. The page is initially updated with records from the 1099 Journal the first time the 1099 reporting process is executed for a calendar year. From that point on, any updates or corrections to 1099 information are done here.
1099 Reporting Payer Information (1099RP) Table	Defines the information Taxpayer Identification Number (TIN), TIN Type, Name Address and Contact Information for each Reporting Payer reported to the IRS.
1099 Type of Income (TINC) Table	Defines the valid values for an income type and the Form Type used in the 1099 reporting process.
Department Fiscal Year Controls (DEPTFY)	This page allows departments to set controls that differ from one fiscal year to another. It contains a 1099 Reporting Payer field that may be used to define the 1099 Reporting Payer associated with the Department Fiscal Year record.
Posting Code (PSCD)	A code called from an Event Type. Contains instructions about how to update various inquiry and controls tables. Each posting code also indicates which journals are updated. The Event Type appears on the accounting line; however, the posting code appears on the posting line only.
System Options Table (SOPT)	A table that provides a set of characteristics that guide budget and accounting activities. Each control or option that is set on this table is associated with a business rule that drives events and actions throughout AFIS.
Taxpayer ID Number (TIN)	The number used by the Internal Revenue Service to identify taxpaying entities.
Taxpayer ID Number Type	A further breakdown of a Taxpayer Identification Number indicating whether it is an Employee Identification Number (EIN) or Social Security Number (SSN)
Taxport	Third-party tool which prints the 1099 forms and generates the magnetic media file for submission to the IRS. AFIS generates files that are imported into Taxport for printing and magnetic media generation.
Vendor/Customer Creation (VCCD1) Document	The document that allows department users to add new records to the Vendor/Customer (VCUST) table, 1099 Reporting Information table, and the Customer Account Options table.
Vendor/Customer Modification (VCMD1) Document	The document that allows department users to modify or add to an existing vendor or customer record. This document is used to update Vendor/Customer table information, Customer Account Options table information, and 1099 Reporting Information table.
Vendor/Customer (VCUST) table	Contains all vendors and customers that are used in AFIS.
Valid Vendor Organization and 1099 Reporting Classification (VORGCL) page	This page establishes the valid combinations of Organization Type, Organization Classification, TIN Type, and 1099 Reporting Classification.

LIST OF ACRONYMS

Table 2 lists the acronyms used in this training guide.

Table 2: Acronyms

Acronym	Definition
COA	Chart of Accounts
DEPTFY	Department Fiscal Year Table
EIN	Employer Identification Number
FEIN	Federal Employer Identification Number
IRS	Internal Revenue Service
M1099	1099 Maintenance Document
NYTI	New Year Table Initialization
OBJ	Object Code
PSCD	Posting Code Table
SOPT	System Options Table
SSN	Social Security Number
TIN	Tax ID Number
TINC	1099 Type of Income
VCC	Vendor/Customer Creation Document
VCM	Vendor Customer Modification Document
VCUST	Vendor/Customer Information Table
VORGCL	Valid Vendor Organization Page
1099CL	1099 Reporting Classification Page
1099D	1099 Date and Document Parameters Table
1099I	1099 Taxpayer Information Page
1099P	1099 Processing Options and Controls Page
1099R	1099 Reported Income Page
1099RP	1099 Reporting Payer Information Table

1. Navigation Refresher

Learning Objectives

In this lesson, you will:

- Review the basic access and navigation of a reference table
- Review the basic access and navigation of documents using the Document Catalog
- Review the navigation tools and searching records within a query

Lesson Overview

As with any software, it is important that users understand how to navigate through various menus and features in order to complete tasks efficiently and accurately. AFIS uses a Web interface to display the types of application pages used to process financial information. This lesson reviews the navigation of AFIS as it pertains to 1099 Processing looking at reference tables, documents and queries that are used. Understanding how to use these three types of pages is important, because it makes it easier for you to search for a particular type of page and navigate between them. Pages are referred to in two different ways: the Page Description and the Page Code.

1.1. Navigation Review: Reference Table

Reference tables are used to store information within the system. The information in some of these reference tables can be created and modified by anyone with the required security permissions; others are system-maintained and updated by the system through document updates or offline processes. All reference tables can be accessed through Page Search or Jump to field at the top of the screen. This example uses the Vendor/Customer (VCUST) reference table.

ACTIVITY 1.1

Navigate to the Vendor Customer Reference Table

Scenario

You want to review the navigation features in AFIS. Use the Page Search to locate the Vendor Customer (VCUST) reference table.

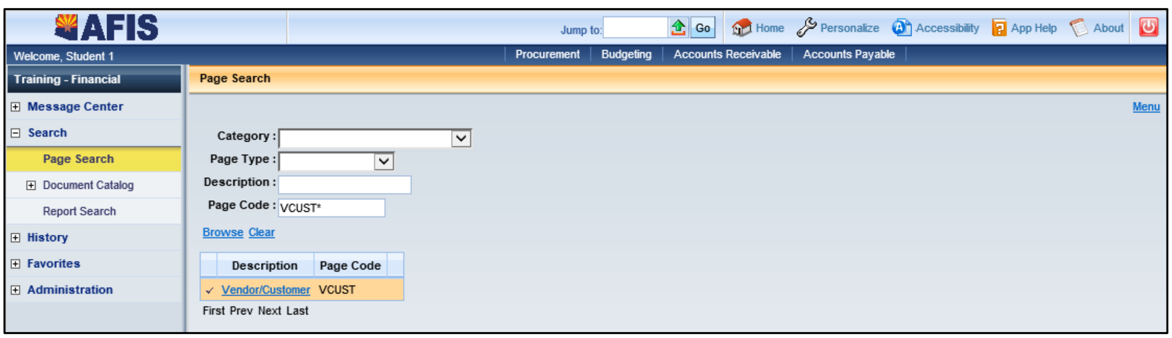
Setup

✓ User is logged into the AFIS Home Page.

Steps

A. Navigate using Page Search.

1. In the Secondary Navigation Panel on the left, click **Search**.
2. Click Page Search.
3. In the **Page Code** field, type ***VCUST***.
4. Click **Browse**.

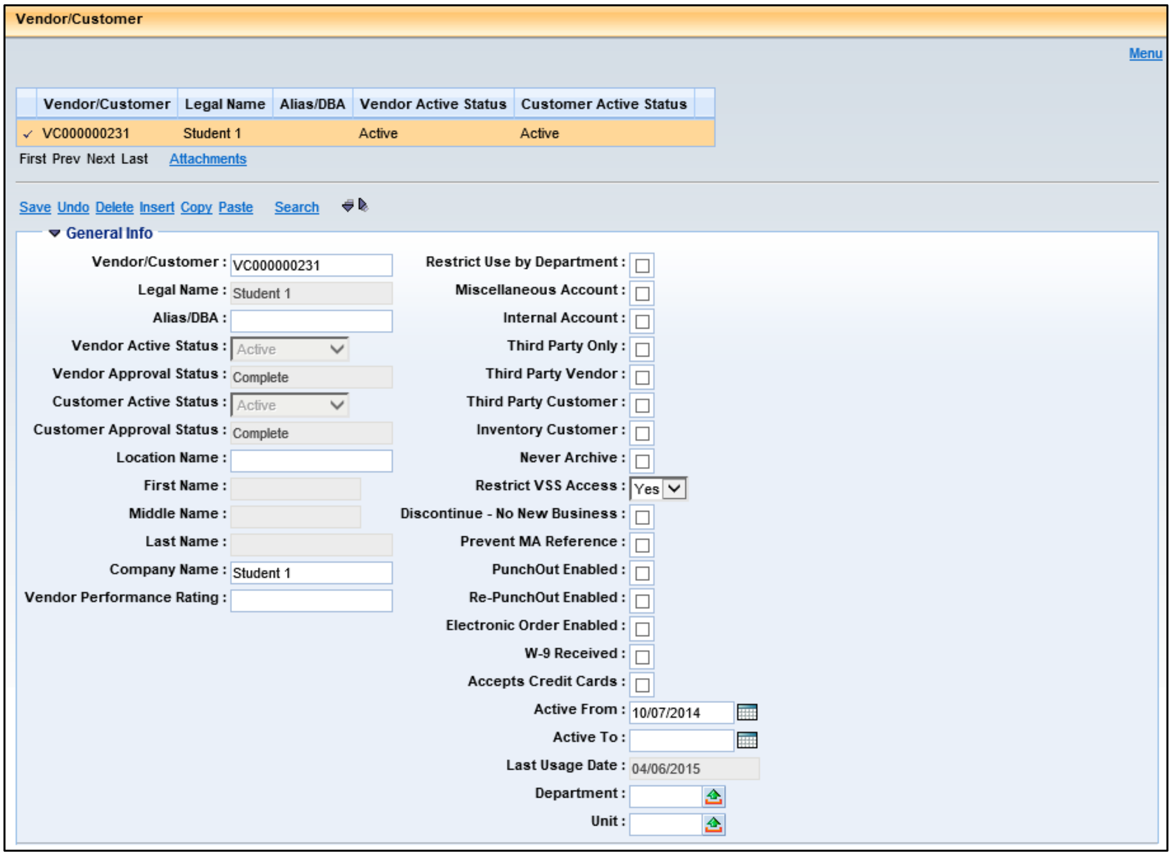


5. In the list of reference tables that appears below the search fields, click **Vendor/Customer** link.

B. Navigate using the Search tool within a table.

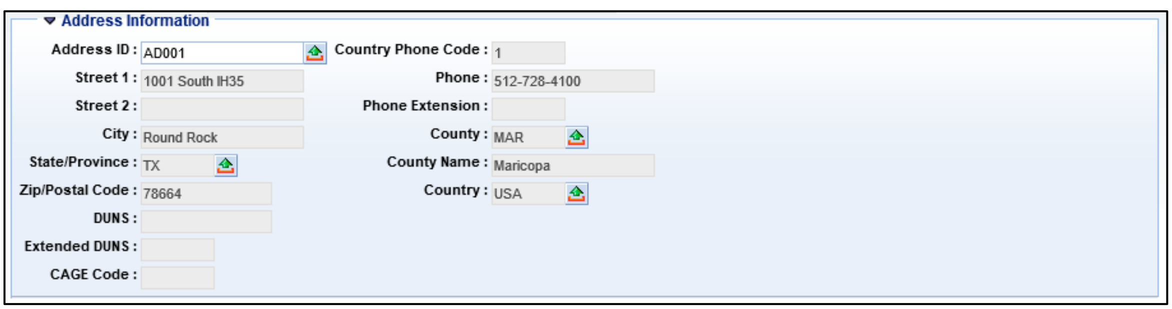
1. In the Search popup window, in the **Vendor/Customer** field, enter ***your student data card***.

2. Click **Ok**.



C. Explore the Vendor Customer table.

1. In the Vendor Customer Secondary Navigation Panel, click **Address**.
2. Observe the Address information.



3. Click **Home** in the Primary Navigation Panel to return to the Home Page.

1.2. Navigation Review: Document

The information stored in reference tables gets updated by documents. Some documents update the information on multiple tables. The Document Catalog is used to create documents and to search for documents based on Code, Department, Unit, or ID. It can also be searched by User Information using User ID (created by) and Date (created on), or by Document State using Function, Phase or Status fields. This example uses a General Accounting Expense (GAX) document.

ACTIVITY 1.2

Navigate to a General Accounting Expense Document

Scenario

You want to review the navigation features in AFIS. Use the Document Catalog to find a General Accounting Expense (GAX) document.

Setup

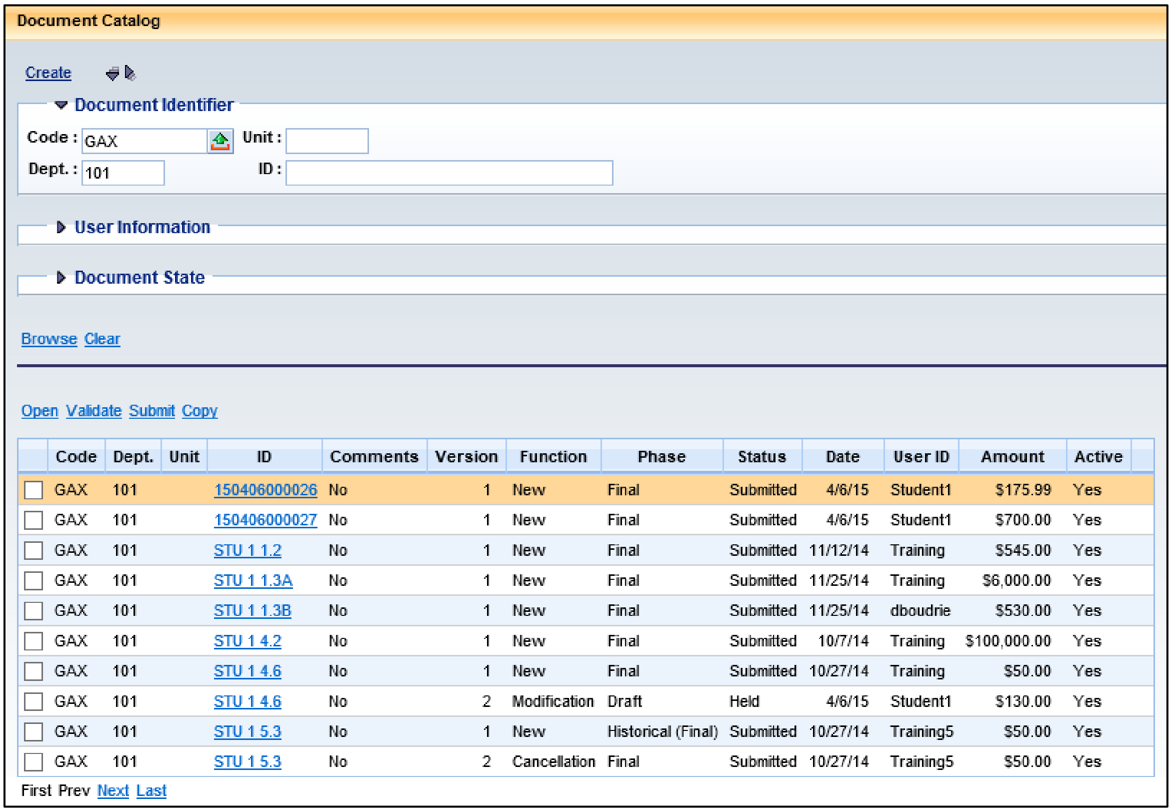
- ✓ User is logged into the AFIS Home Page.

Steps

A. Navigate using the Document Catalog.

1. In the Secondary Navigation Panel on the left, click **Search**.
2. Click **Document Catalog**.
3. In the **Code** field, enter ***GAX***.
4. In the **Dept** field, enter ***your student data card***.

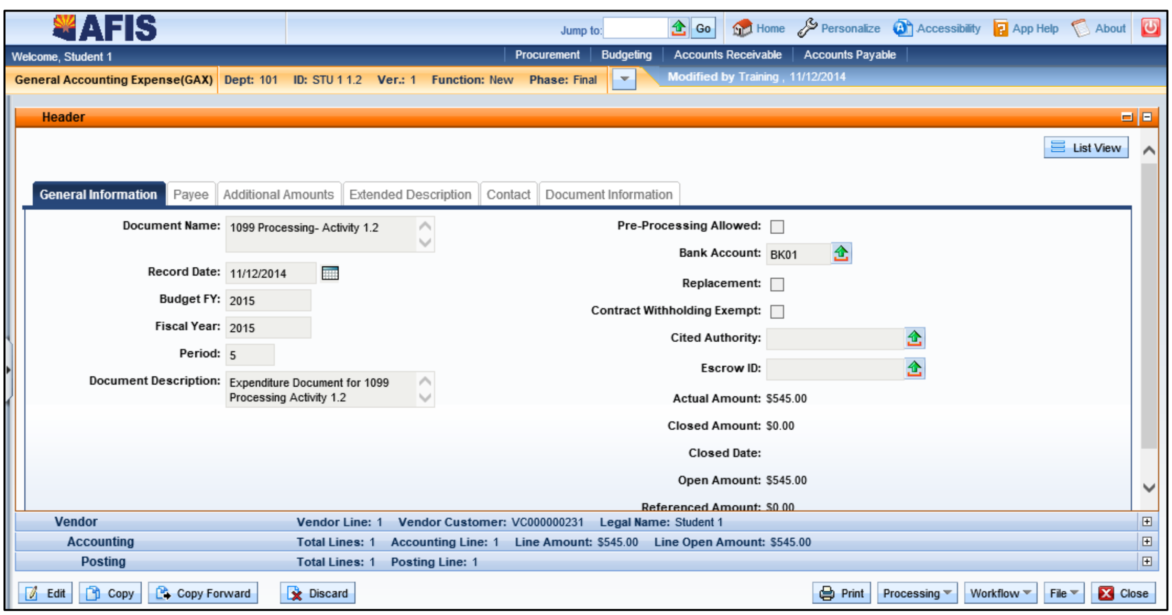
5. Click **Browse**. The grid displays all GAX documents in the system.



	Code	Dept.	Unit	ID	Comments	Version	Function	Phase	Status	Date	User ID	Amount	Active
☐	GAX	101		150406000026	No	1	New	Final	Submitted	4/6/15	Student1	$175.99	Yes
☐	GAX	101		150406000027	No	1	New	Final	Submitted	4/6/15	Student1	$700.00	Yes
☐	GAX	101		STU 1 1.2	No	1	New	Final	Submitted	11/12/14	Training	$545.00	Yes
☐	GAX	101		STU 1 1.3A	No	1	New	Final	Submitted	11/25/14	Training	$6,000.00	Yes
☐	GAX	101		STU 1 1.3B	No	1	New	Final	Submitted	11/25/14	dboudrie	$530.00	Yes
☐	GAX	101		STU 1 4.2	No	1	New	Final	Submitted	10/7/14	Training	$100,000.00	Yes
☐	GAX	101		STU 1 4.6	No	1	New	Final	Submitted	10/27/14	Training	$50.00	Yes
☐	GAX	101		STU 1 4.6	No	2	Modification	Draft	Held	4/6/15	Student1	$130.00	Yes
☐	GAX	101		STU 1 5.3	No	1	New	Historical (Final)	Submitted	10/27/14	Training5	$50.00	Yes
☐	GAX	101		STU 1 5.3	No	2	Cancellation	Final	Submitted	10/27/14	Training5	$50.00	Yes

6. In the list of documents, in the first row, click the **Document ID** for the document.

7. Observe the General Accounting Expense document window displays the four components that together make up the document.



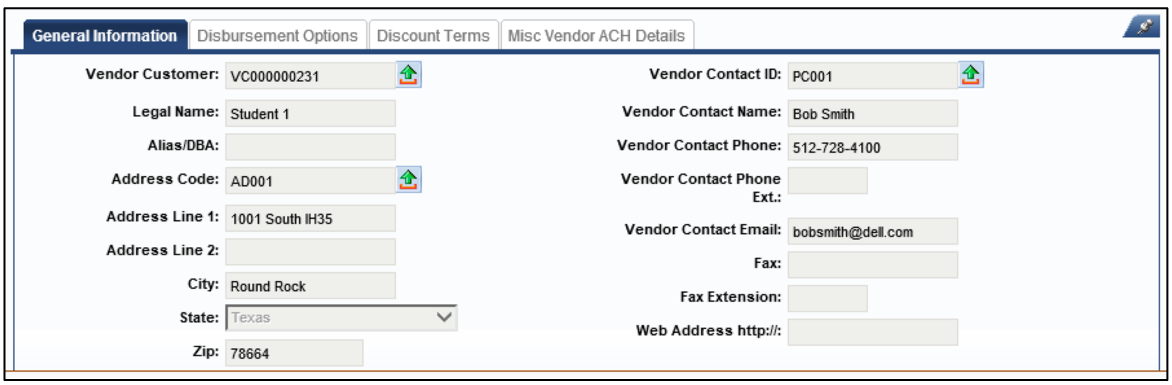
8. Observe that the document information at the top of the screen includes Type, Dept, ID, Version, Function, and Phase, as well as the document menu button.

B. Explore the General Accounting Expense document Header component.

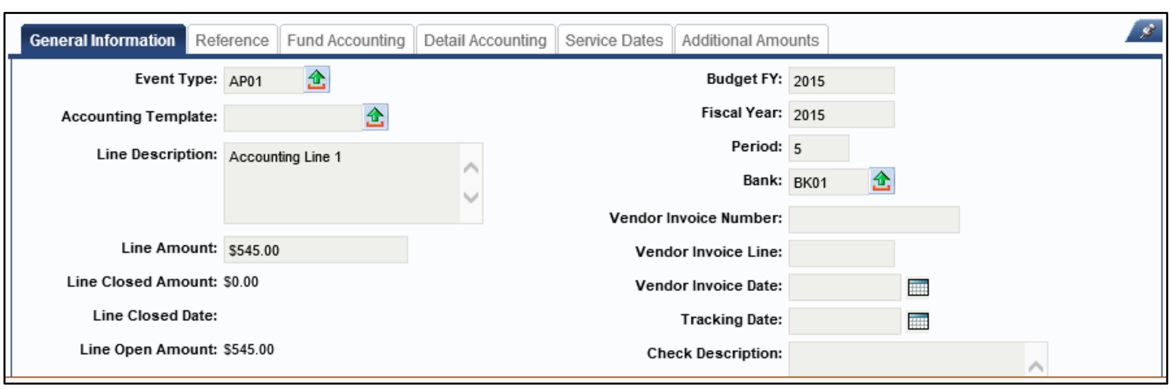
1. Observe the fields on the General Information tab.
2. Click on the **Payee** tab.
3. Click on the **Additional Amounts** tab.
4. Click on the **Extended Description** tab.
5. Click on the **Contact** tab.
6. Click on the **Document Information** tab.

C. Explore the other components of the document.

1. Open the Document Navigator Panel; click the **Open Document Navigator** arrow on the left of the screen.
2. In the Document Navigator Panel, click **Vendor**.
3. Observe the component tabs and fields.



4. In the Document Navigator Panel, click **Accounting**.
5. Observe the component tabs and fields.



6. In the Document Navigator Panel, click **Posting**.
7. Observe the information in this component.

Line	Function	Debit Posting Credit Posting	Debit Posting Name Credit Posting Name	Debit Amount	Credit Amount
1	Standard	D011 D001	External AE Disb Payable	$545.00	$545.00

D. Close out of the document.

1. When you are finished, click the **Close** button at the bottom of the document to return to the Document Catalog.
2. Click **Home** in the Primary Navigation Panel to return to the Home Page.

1.3. Navigation Review: Query Page

The information that documents update in tables can be looked up by performing a query and certain tables are designed for this purpose. For example, disbursements can be tracked and researched using the Vendor Transaction History (VTH) query page. One way to quickly access the VTH query page is to type ***VTH*** into the Jump to field in the Primary Navigation Panel.

ACTIVITY 1.3

Navigate to the Vendor Transaction History Query Page

Scenario

You want to review the navigation features in AFIS. Use the Jump to field to navigate to the Vendor Transaction History (VTH) query page.

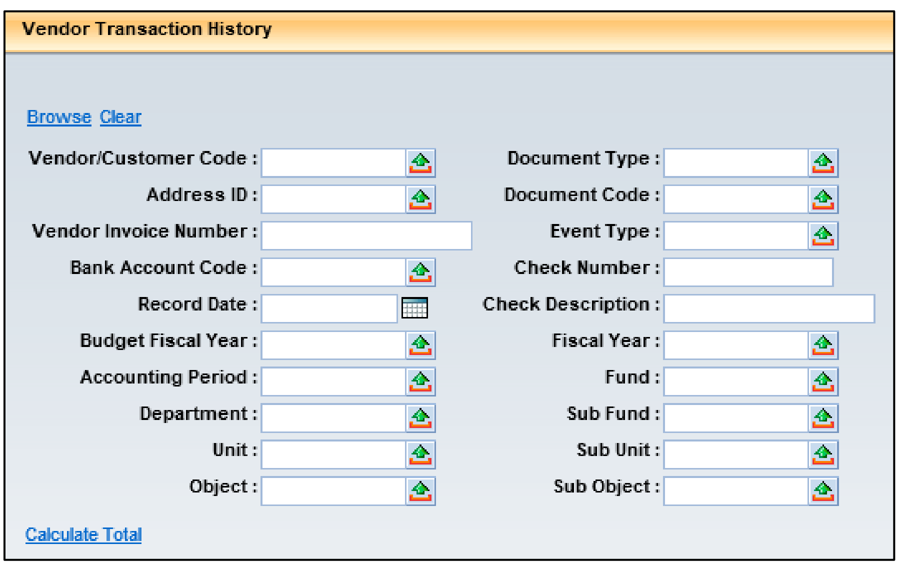
Setup

- ✓ User is logged into the AFIS Home Page.

Steps

A. Navigate using the Jump to field.

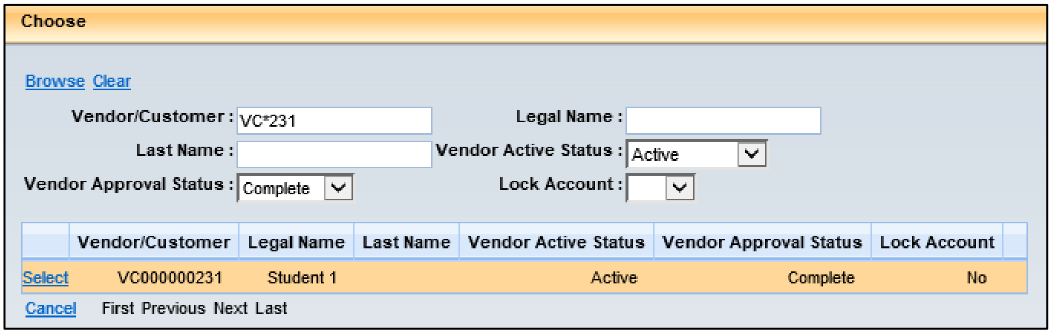
1. In the Primary Navigation Panel, in the **Jump to** field, enter ***VTH***.
2. Click **Go**. The Vendor Transaction History query page opens.



B. Search for documents related to a vendor.

1. In the **Vendor/Customer Code** field, click the **Pick List** button.
2. In the Choose screen, in the **Vendor Active Status** drop-down menu, select ***Active***.

3. In the **Vendor Approval Status** drop-down menu, select ***Complete***.
4. In the **Vendor/Customer** field, enter ***your student data card***.
5. Click **Browse**.


Choose

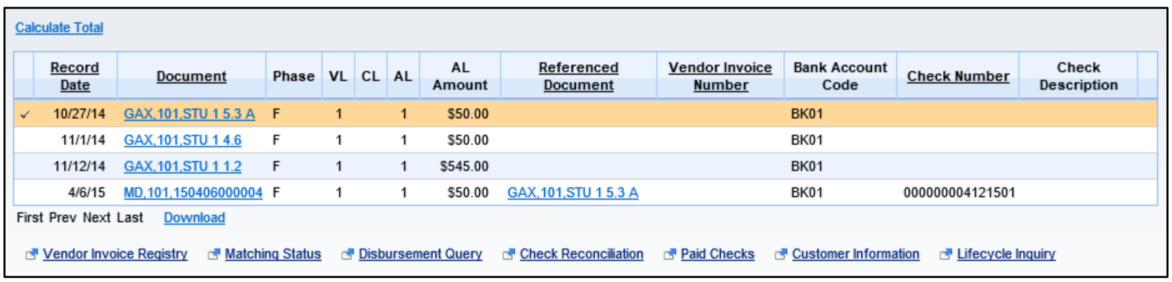
Browse Clear

Vendor/Customer : VC*231
Legal Name :
Last Name :
Vendor Active Status : Active
Vendor Approval Status : Complete
Lock Account :

	Vendor/Customer	Legal Name	Last Name	Vendor Active Status	Vendor Approval Status	Lock Account
Select	VC000000231	Student 1		Active	Complete	No

Cancel First Previous Next Last

6. In the list of results below, click the **Select** link for the Vendor/Customer.
7. In the Vendor Transaction History page, click **Browse**.
8. Observe the list of documents that appears in the results below.


Calculate Total

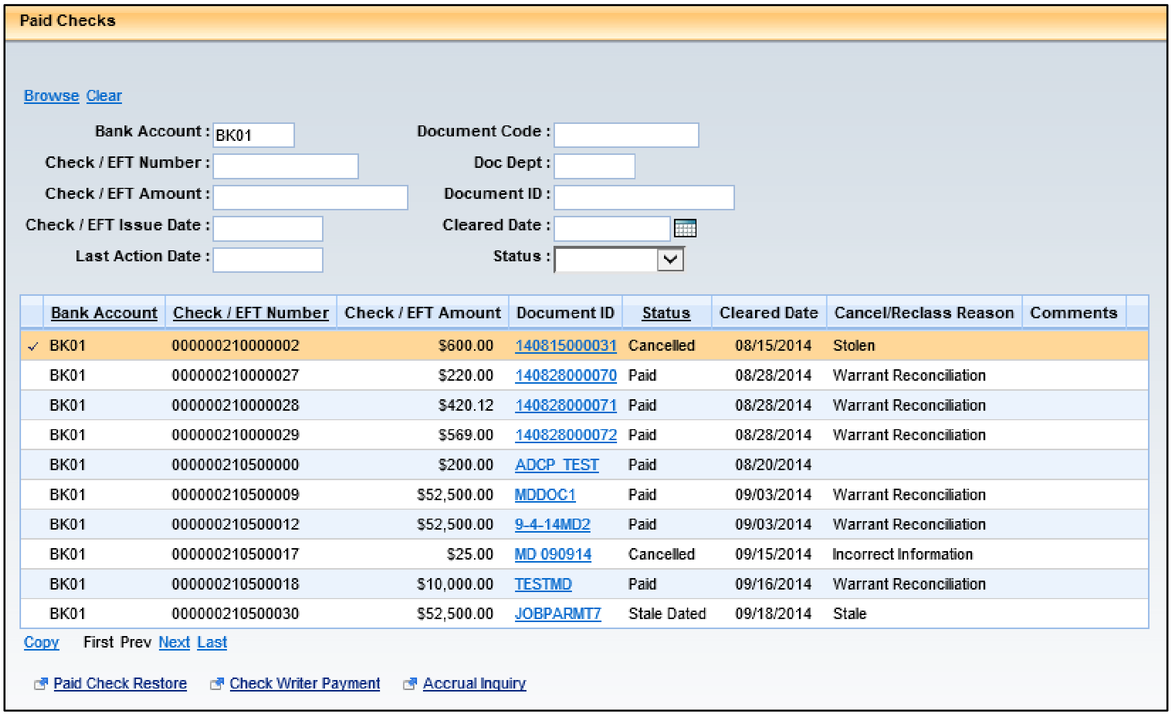
	Record Date	Document	Phase	VL	CL	AL	AL Amount	Referenced Document	Vendor Invoice Number	Bank Account Code	Check Number	Check Description
✓	10/27/14	GAX,101,STU 1 5.3 A	F	1		1	$50.00			BK01		
	11/1/14	GAX,101,STU 1 4.6	F	1		1	$50.00			BK01		
	11/12/14	GAX,101,STU 1 1.2	F	1		1	$545.00			BK01		
	4/6/15	MD,101,150406000004	F	1		1	$50.00	GAX,101,STU 1 5.3 A		BK01	000000004121501	

First Prev Next Last Download

Vendor Invoice Registry | Matching Status | Disbursement Query | Check Reconciliation | Paid Checks | Customer Information | Lifecycle Inquiry

C. Explore the options available on the Vendor Transaction History page.
   1. Click a **Document** in the grid to display that document on the screen.
   2. Click **Close** to return to the Vendor Transaction History page.
   3. Observe the navigation links below the grid for First, Prev, Next, and Last.
   4. Observe the Download link that allows users to download documents to their local machine.
   5. Observe the navigation links to other query pages at the bottom of the page.

6. Click the **Paid Checks** link. The Paid Checks (PDCHK) page opens.
7. Observe the checks listed on the Paid Checks page.



8. Click **Back**.
9. Click **Home** in the Primary Navigation Panel to return to the Home Page.

Lesson Summary

This lesson reviewed the basic navigation tools and methods that will be used throughout this training guide. The Jump to feature can be used to go right to a certain page or table. The Page Search and Document Catalog can also be used to search for a specific table or document within the system.

2. Overview of 1099 Processing

Learning Objectives

In this lesson, you will:

- Review the 1099 Process
- Review the Sub-processes for 1099 Processing

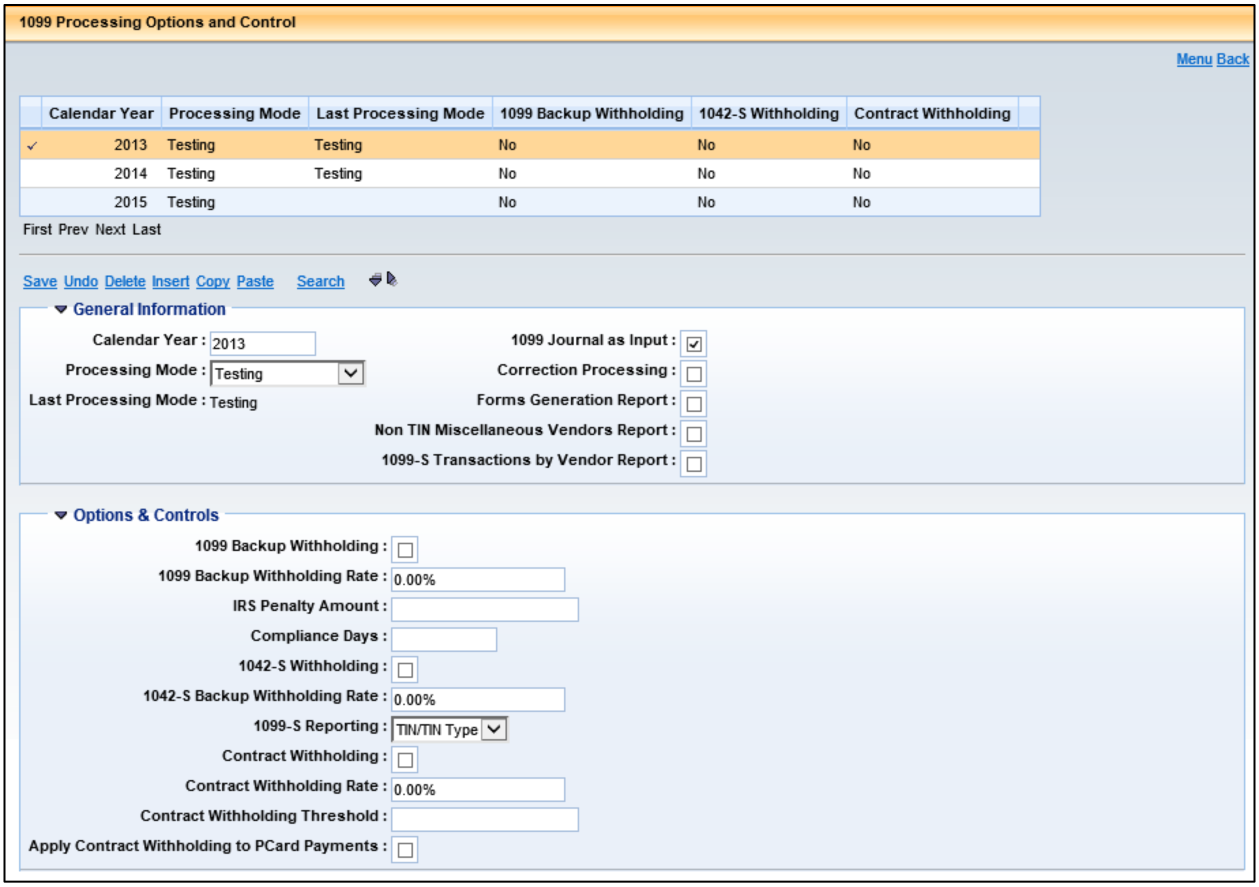
Lesson Overview

1099 processing includes a number of initial setup tables, and the ongoing establishment and maintenance of vendors in the system. 1099 batch processing occurs around calendar year end to support the reporting of information to vendors and the IRS. This lesson provides an overview of the AFIS process and sub-processes for 1099 Processing.

2.1. 1099 Process

1099 Withholding

In AFIS, the 1099 Processing Parameters and Control (1099P) page allows users to define the parameters required by the 1099 reporting process to create IRS forms, magnetic media, and 1099 reports.



1099 Processing Options and Control

Menu Back

Calendar Year	Processing Mode	Last Processing Mode	1099 Backup Withholding	1042-S Withholding	Contract Withholding
2013	Testing	Testing	No	No	No
2014	Testing	Testing	No	No	No
2015	Testing		No	No	No

First Prev Next Last

Save Undo Delete Insert Copy Paste Search

General Information

Calendar Year : 2013

Processing Mode : Testing

Last Processing Mode : Testing

1099 Journal as Input :

Correction Processing :

Forms Generation Report :

Non TIN Miscellaneous Vendors Report :

1099-S Transactions by Vendor Report :

Options & Controls

1099 Backup Withholding :

1099 Backup Withholding Rate : 0.00%

IRS Penalty Amount :

Compliance Days :

1042-S Withholding :

1042-S Backup Withholding Rate : 0.00%

1099-S Reporting : TIN/TIN Type

Contract Withholding :

Contract Withholding Rate : 0.00%

Contract Withholding Threshold :

Apply Contract Withholding to PCard Payments :

Under the available options are settings for 1099 Backup for a given Calendar Year. A 1099 Withholding Rate can be specified as a percentage.

Backup Withholding information for vendors is set on the Vendor Customer Creation (VCC) document type.

1099 Process Overview

The process of producing 1099s involves the setup and maintenance of several system and vendor related tables throughout the calendar year. At year end:

- The data to be included in the forms can be previewed
- Corrections submitted by departments
- Forms printed and mailed to vendors
- A magnetic file created and sent to the IRS
- Additional corrections received and entered
- Amendment/Replacement 1099 forms issued
- Amended media files sent to the IRS

2.2. The Sub-Processes for 1099 Processing

There are several sub-processes involved in 1099 processing.

Maintenance of Vendor and Chart of Accounts Codes

Vendors are 1099 reportable based on their relationship with the State and the type of service that they provide. When a new vendor registers with the State, the General Accounting Office (GAO) determines if a vendor is 1099 reportable based upon W9 submission. At a high level, the combination of the vendor record and the object code determines if a 1099 is required to be reported for each vendor.

Validate 1099 Setup

For the State of Arizona, all departments/agencies are consolidated into a single reportable entity for transactions that are issued out of AFIS.

Department 1099 Review/Adjustments

Each year, AFIS produces preliminary 1099 reports. The departments review the preliminary reports and make adjustments to the 1099 file online, as required, after data is loaded to the 1099R page. This process continues until the final year end 1099 report is produced.

General Accounting Office Reconcile and Balance

Once the departments have finished making accounting adjustments, GAO locks the departments out of the 1099 Module. GAO can unlock the 1099 module, in order to allow agencies to continue to make adjustments, as necessary. GAO reconciles and balances the data in the 1099 module and makes any final adjustments that may be necessary. Once the reconciliation is completed, GAO locks the 1099 module.

Issue 1099s

Once GAO has verified the 1099s, GAO will print the 1099s, and mail them to vendors. Between the time that the 1099s are mailed and the time the 1099 file is sent to the IRS, GAO may continue to make corrections as a result of comments from vendors. After the 1099 file is sent to the IRS, if adjustments are made, GAO will manually correct, print, and mail the corrected 1099s to both the vendor and the IRS.

Corrected 1099s

Correction requests may be received from vendors both before and after the electronic file has been sent to the IRS. When a correction is required prior to sending the electronic file to the IRS, GAO researches the correction request and manually creates a corrected 1099. A copy of the corrected 1099 is sent to the vendor, and the correction updates the electronic file that is sent to the IRS. If the correction is required after the electronic file has been submitted to the IRS, both the vendor and the IRS will receive a manually created and corrected 1099. GAO will create a 1099 Maintenance (M1099) document, which enables authorized users to create or modify records on the 1099 Reported Income (1099R) page. The M1099 document is a non-accounting document, which is accessed via the Document Catalog. AFIS is updated to reflect the corrections and then the 1099 offline process is run.

Lesson Summary

In this lesson, you:

- Reviewed the 1099 Process
- Reviewed the Sub-processes for 1099 Processing

Check Your Progress

1. All of the following are year-end 1099 processes except:
    a. Forms are printed and mailed to vendors
    b. Amendment/Replacement 1099 forms are issued
    c. The IRS sends the State a magnetic file for processing
    d. Corrections are entered by departments

2. The combination of the vendor record and the object code determines if a 1099 is required to be reported for each vendor.
    a. True
    b. False

3. Setup and Processing of 1099 Forms

Learning Objectives

In this lesson, you will:

- Examine the table setup for 1099 processing
- Review the setup processing steps

Lesson Overview

Taxable financial transactions are broken into several broad categories for the purpose of reporting and filing. Each category has different reporting requirements and is reported on a different tax form. On each form, amounts are further divided into more specific types of transactions, and each of these types of transactions is reported in a separate box on the form.

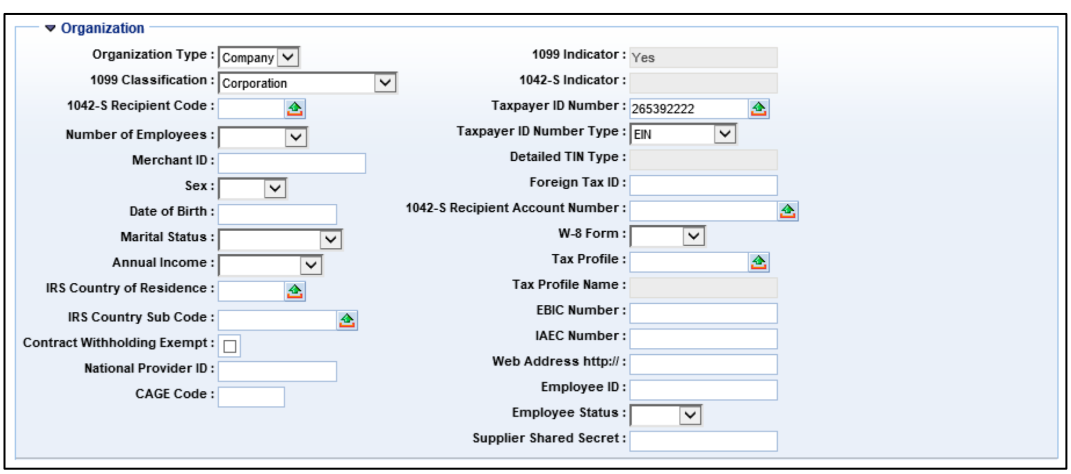
3.1. Table Setup for 1099 Processing

Multiple tables are used in the setup of 1099 processing in AFIS. Throughout the fiscal year, Object and/or Sub-Object codes may be added which, when defined, will need to indicate if the code is taxable. The addition and modification of vendors is an ongoing process initiated both by vendors and departments.

Vendor Setup and Configuration

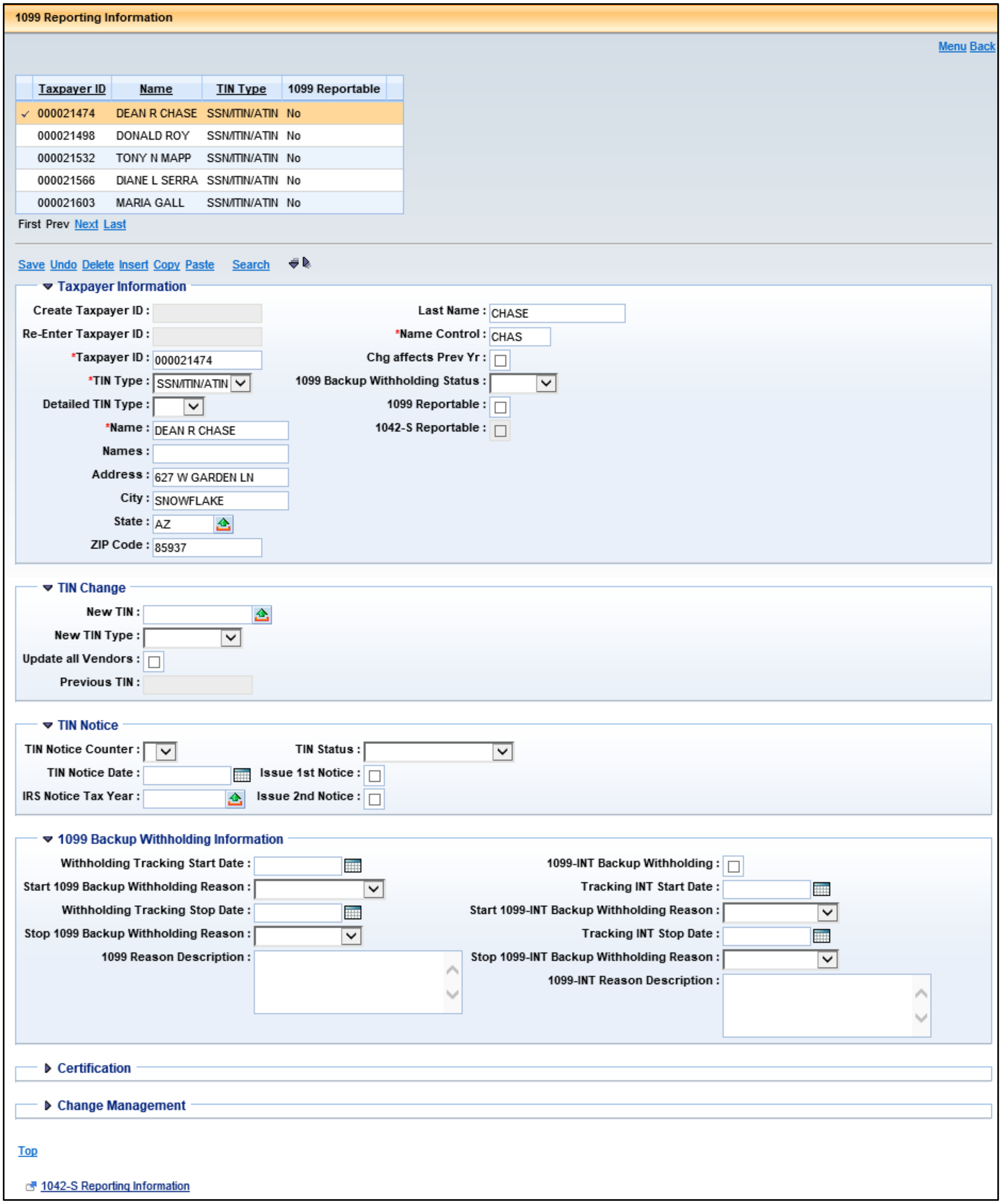
Vendor/Customer Information (VCUST) Table

The Vendor/Customer (VCUST) table allows users to maintain the primary information about a vendor/customer. The 1099 Indicator shows the 1099 status of the Vendor TIN selected. The 1099 Classification field shows the classification type associated with the organization.



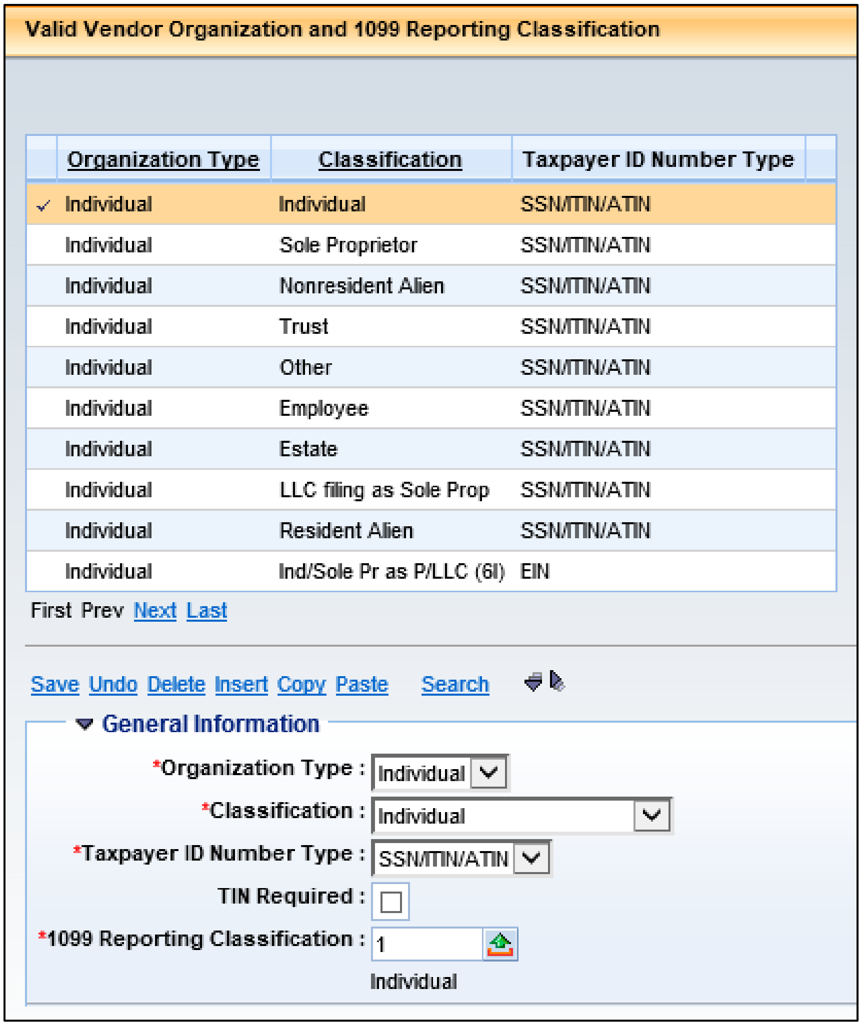
1099 Taxpayer Information (1099I) Page

The 1099 Reporting Information (1099I) page allows users to define valid Taxpayer ID Number (TIN) and TIN Type combinations and provide tax related information for the 1099 Reporting process. When the 1099 Reportable checkbox is selected, the record is defined as 1099 reportable, and all related transactions qualify to be reported to the IRS, during the 1099 reporting process.



Valid Vendor Organization (VORGCL)

The Valid Vendor Organization (VORGCL) page establishes the valid combinations of Organization Type, Organization Classification, TIN Type, and 1099 Reporting Classification. AFIS validates the Vendor record against this table when creating or modifying Vendor records using either the Vendor page or the Vendor documents.



Valid Vendor Organization and 1099 Reporting Classification

Organization Type	Classification	Taxpayer ID Number Type
✓ Individual	Individual	SSN/ITIN/ATIN
Individual	Sole Proprietor	SSN/ITIN/ATIN
Individual	Nonresident Alien	SSN/ITIN/ATIN
Individual	Trust	SSN/ITIN/ATIN
Individual	Other	SSN/ITIN/ATIN
Individual	Employee	SSN/ITIN/ATIN
Individual	Estate	SSN/ITIN/ATIN
Individual	LLC filing as Sole Prop	SSN/ITIN/ATIN
Individual	Resident Alien	SSN/ITIN/ATIN
Individual	Ind/Sole Pr as P/LLC (6I)	EIN

First Prev Next Last

Save Undo Delete Insert Copy Paste Search

General Information

*Organization Type : Individual

*Classification : Individual

*Taxpayer ID Number Type : SSN/ITIN/ATIN

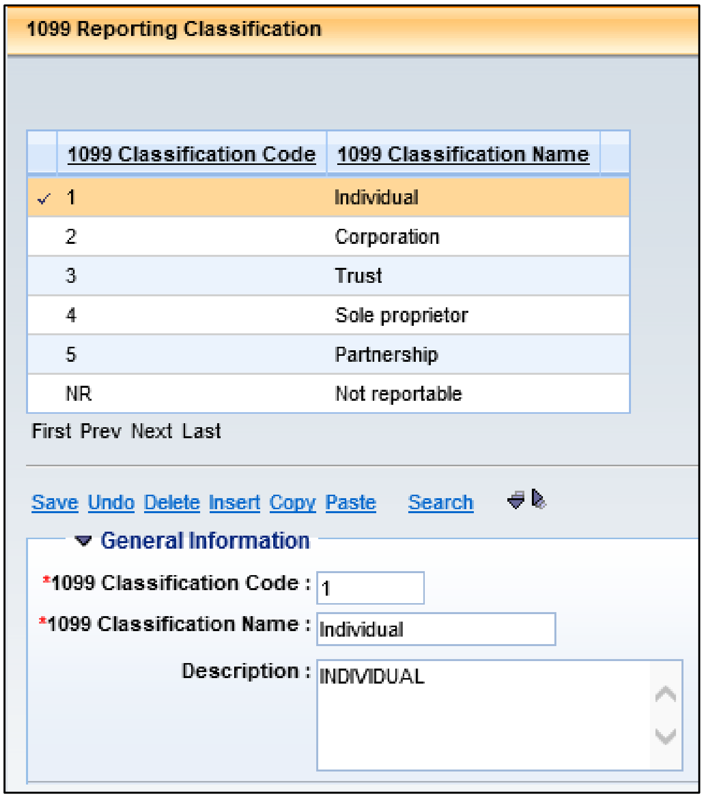
TIN Required :

*1099 Reporting Classification : 1

Individual

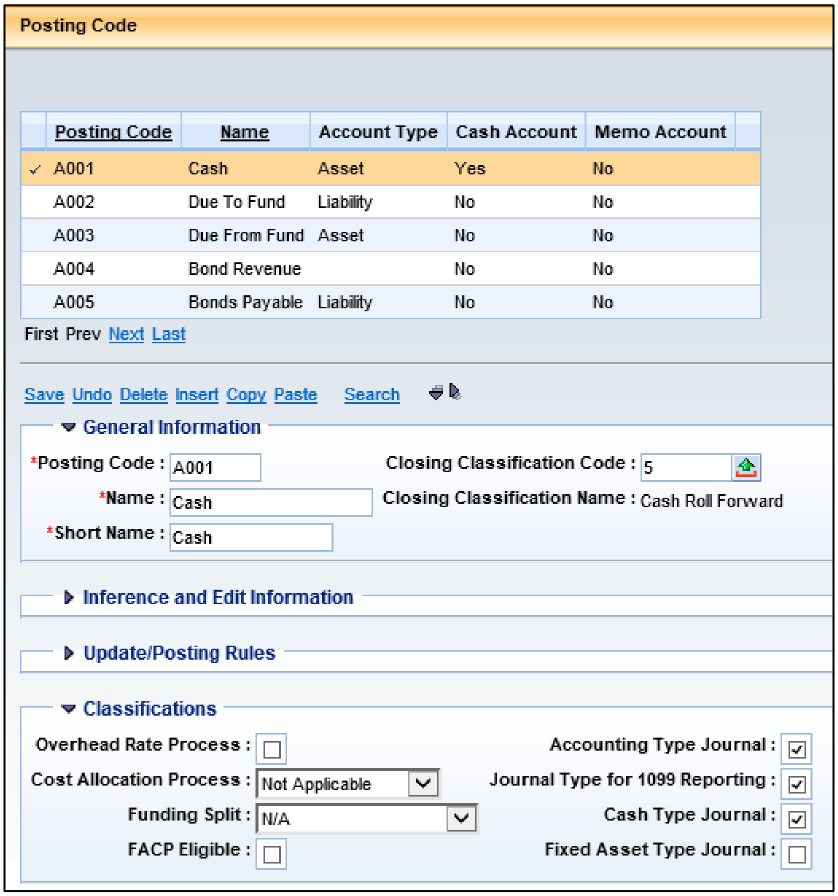
1099 Reporting Classification (1099CL)

The 1099 Reporting Classification (1099CL) page establishes valid 1099 Reporting Classification codes. It is also used to establish the relationship between the Vendor Organization Type, Vendor Organization Classifications, TIN Types and 1099 Classifications. Use the **Insert** link, and then click **Save**, to add a new classification.

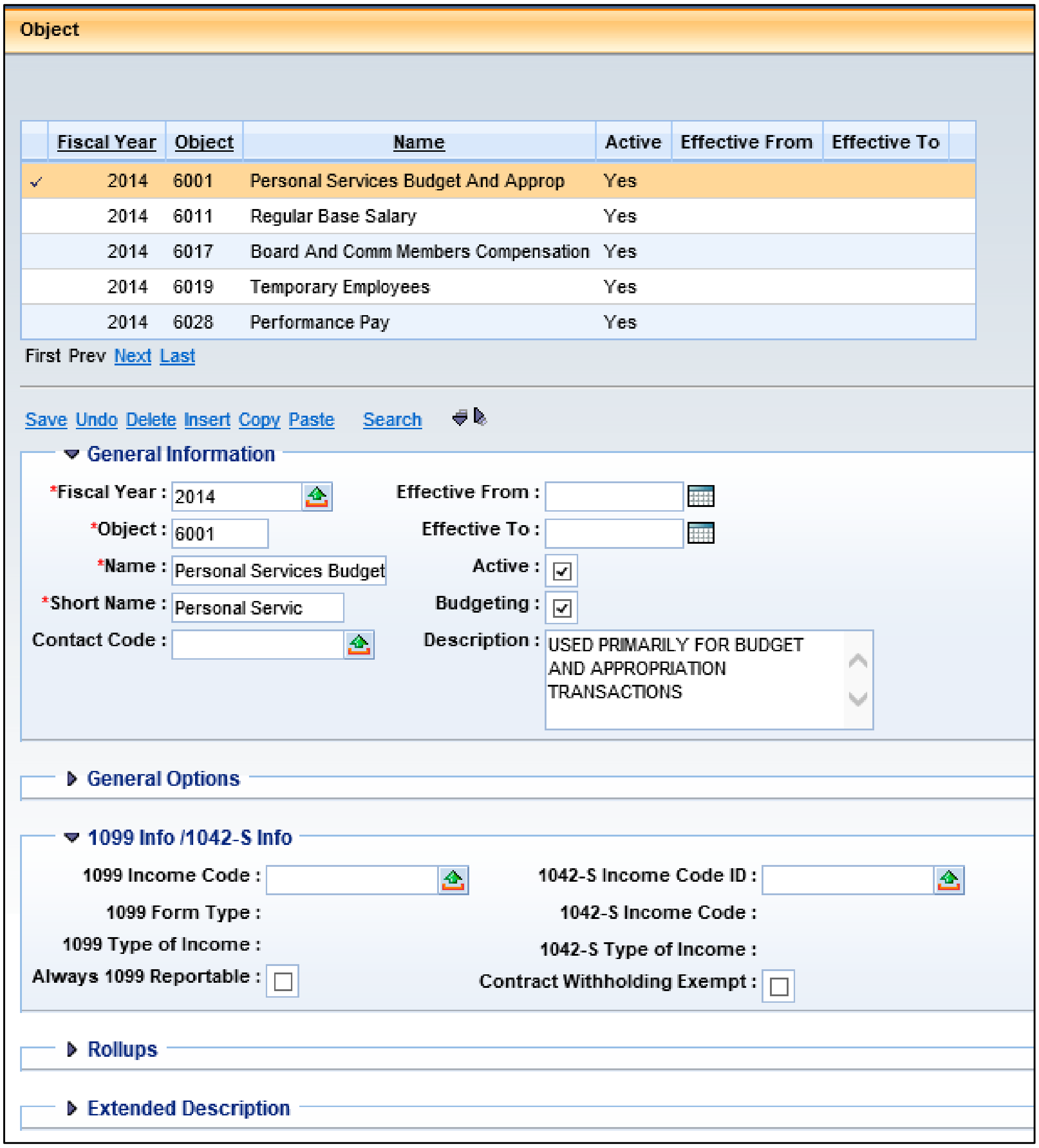


General Ledger and Chart of Accounts Setup

The Posting Code (PSCD) table identifies which Posting Codes will update the 1099 Reporting Journal. Selecting the Journal Type for 1099 Reporting flag indicates that this code will update the 1099 Reporting Journal if other conditions are also met, such as using a reportable Vendor, Object, or Sub-Object code.



The Object Code (OBJ) table establishes valid Object codes as 1099 Reportable and includes associated information related to the object. To set an Object code as 1099 Reportable, update the 1099 info section by clicking the 1099 Income Code pick list and select the appropriate code. Sub-Objects will also be set as 1099 Reportable as appropriate.



Vendor to Object Code Validation

The 1099 Type of Income (TINC) page defines the valid values for the Income Type and Form Type used in the 1099 reporting process. The table is linked to the Object, Sub-Object, Balance Sheet Account, and Sub-Balance Sheet Account pages to define the valid Types of Income. Users can add, modify, and delete information on this page.

This table contains the following fields:

- **Form Type** – The IRS form type (for example, 1099-S, 1099-MISC, 1099-INT, and 1099-G).
- **Type of Income** – Corresponds to the valid box numbers on each form type (for example, Type of Income “1” corresponds to Box 1 on the 1099-MISC form).
- **Name** – The description of the Type of Income (for example, Type of Income “1” is Box 1 Rents on the 1099-MISC form).
- **Threshold** – Represents the minimum amount of money that needs to be paid to a Vendor before the Vendor, if 1099 reportable, is required to report its earnings to the IRS. The IRS sets these threshold amounts, annually. If the IRS changes any thresholds, this table can be manually updated at the end of the calendar year, before the Offline 1099 Process is run.
- **Vendor Classification Checkboxes** – Boxes for Individual, Incorporated, Trust, Sole Proprietor, Partnership, and Backup Withholding. When checked, this indicates that either Vendor income is reported for only the specified Vendor classification or that the income type is eligible for Backup Withholding.

1099 Type of Income

	Form Type	Type of Income	Name	Threshold	Data Type	Ind	Inc	Trust	Sole	Partner	BWH
✓	1099-MISC	1	Rents	$600.00	Numeric	☑	☐	☑	☑	☑	☑
	1099-MISC	2	Royalties	$10.00	Numeric	☑	☐	☑	☑	☑	☑
	1099-MISC	3	Other Income	$600.00	Numeric	☑	☐	☑	☑	☑	☑
	1099-MISC	5	Fishing Boat Proceeds	$100.00	Numeric	☑	☐	☑	☑	☑	☑
	1099-MISC	6	Medical and Health Care P	$600.00	Numeric	☑	☑	☑	☑	☑	☑
	1099-MISC	7	Nonemployee Compensati	$600.00	Numeric	☑	☐	☑	☑	☑	☑
	1099-MISC	8	Substitute Payments in Lie	$10.00	Numeric	☑	☐	☑	☑	☑	☑
	1099-MISC	9	Direct Sales of Consumer	$5,000.00	Numeric	☑	☐	☑	☑	☑	☑
	1099-MISC	10	Crop Insurance Proceeds	$600.00	Numeric	☑	☐	☑	☑	☑	☑
	1099-MISC	13	Excess Golden Parachute	$0.00	Numeric	☑	☐	☑	☑	☑	☑
	1099-MISC	14	Gross Proceeds Paid to a	$0.00	Numeric	☑	☑	☑	☑	☑	☑
	1099-MISC	151	Section 409A Deferrals	$600.00	Numeric	☑	☐	☑	☑	☑	☑
	1099-MISC	152	Section 409A Income	$0.00	Numeric	☑	☐	☑	☑	☑	☑
	1099-INT	1	Interest Income	$0.00	Numeric	☑	☐	☑	☑	☑	☑
	1099-S	1	Date of Closing	$0.00	Date	☐	☐	☐	☐	☐	☐
	1099-S	2	Gross Proceeds	$600.00	Numeric	☑	☐	☑	☑	☑	☐

Save Undo Delete Insert Copy Paste First Prev Next Last

1099 Batch Processing Setup and Parameters

The 1099 Date and Document Parameters table (1099D) specifies 1099 reporting parameters by date and document code. Data entry on this table is optional. If a record is not entered into the Date and Document Parameters table, AFIS will process using a Calendar Year.

The 1099 Processing Options and Controls (1099P) page defines the parameters required by the 1099 reporting process to create IRS forms, magnetic media, and 1099 reports. Selection criteria on 1099P are entered by calendar year and can be added and changed throughout the calendar year as the 1099 Reporting process is run.

The Processing Mode should be set to Testing throughout the calendar year. With the exception of the Corrected Processing Mode, all other Processing Modes only select records from 1099 Reported Income (1099R) that meet or exceed the threshold established on the 1099 Type of Income (TINC) table.

The five processing modes are as follows:

- **1099 Report Mode** – Generates a query of the Vendor income produced from the Offline 1099 Process. This mode does not update tables or create any files.
- **Testing** – Creates a report of the consolidated Vendor income by Taxpayer ID Number in a condensed format so that users can preview the result of the Offline 1099 Process prior to actually executing. This mode will update the 1099 Reporting Income (1099R) page in "Testing" mode.
- **Forms** – Creates new records on the 1099R page with a Processing Indicator of Forms. This mode is used to generate files to export in order to preview results and, if desired, distribute forms prior to the submission of the file to the IRS.
- **Magnetic Media** – This mode will create new records on the 1099R page with a Processing Indicator of Magnetic Media. If the Forms mode is previously run, a new file will be generated with any changes made after Forms mode was run, in order to integrate with Convey Taxport to update the information for submission to the IRS.
- **Corrected** –Generates corrected 1099 forms and magnetic media records in the format dictated by the IRS after the initial submission to the IRS has been made. Multiple correction cycles may be run. Unless 250 or more corrections are generated, the corrections will not be submitted to the IRS electronically.

The 1099 Journal as Input field indicates whether the 1099 Journal should be used as input to the reporting process. When not selected, the 1099 Reported Income table is used as input. The first time the 1099 process is executed for a reporting year, the 1099 Journal is always used as input. Subsequent 1099 processes use the 1099 Reported Income table.

The Options & Controls component contains settings that help control the 1099, Backup Withholding, and Contract Withholding functionality.

3.2. Setup Summary Processing Steps

In AFIS, users can verify the setup of 1099 processing by navigating to the tables and pages that control the process.

Activity 3.2

Verify the Setup of 1099 Processing

Scenario

The General Accounting Office is ready to initiate the load of the 1099R for the purposes of validation by the departments. Review and verify the setup using the appropriate tables.

Setup

✓ User is logged into the AFIS Home Page.

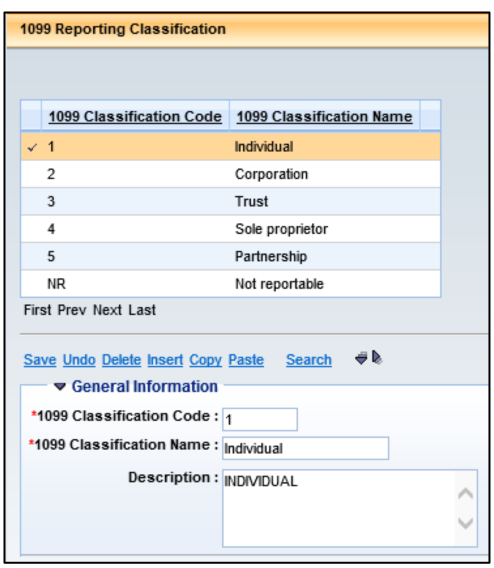
Steps

A. Verify 1099 Data and Document Parameters.

1. In the **Jump to** field, enter the 1099 Data and Document Parameters page code, ***1099D***.
2. Click **Go**.
3. Verify the disbursement documents are on the table with the proper data ranges.

B. Verify 1099 Reporting Classification.

1. In the **Jump to** field, enter the 1099 Reporting Classification page code, ***1099CL***.
2. Click **Go**.
3. Verify 1099 Classification Codes are correct.



C. Verify Valid Vendor Organization.

1. In the **Jump to** field, enter the Valid Vendor Organization and 1099 Reporting Classification page code, ***VORGCL***.
2. Click **Go**.
3. Verify the Organization Type is related to the 1099 Reporting Classification.

Valid Vendor Organization and 1099 Reporting Classification

	Organization Type	Classification	Taxpayer ID Number Type
✓	Individual	Individual	SSN/ITIN/ATIN
	Individual	Sole Proprietor	SSN/ITIN/ATIN
	Individual	Nonresident Alien	SSN/ITIN/ATIN
	Individual	Trust	SSN/ITIN/ATIN
	Individual	Other	SSN/ITIN/ATIN
	Individual	Employee	SSN/ITIN/ATIN
	Individual	Estate	SSN/ITIN/ATIN
	Individual	LLC filing as Sole Prop	SSN/ITIN/ATIN
	Individual	Resident Alien	SSN/ITIN/ATIN
	Individual	Ind/Sole Pr as P/LLC (6I)	EIN

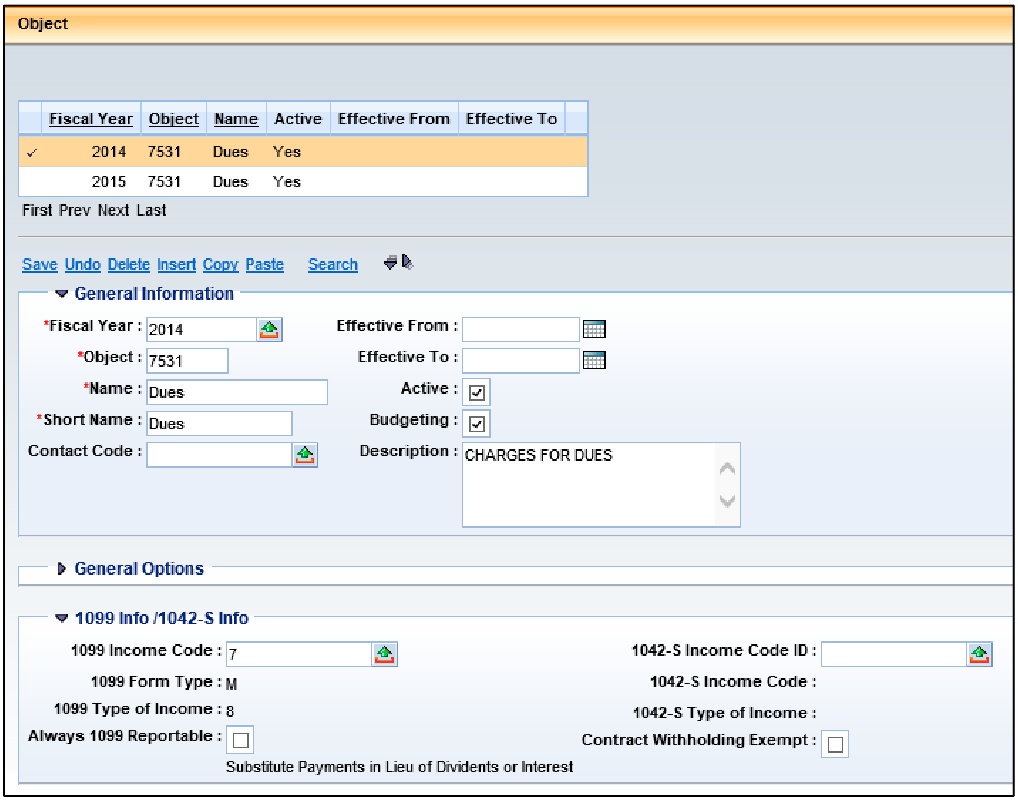
First Prev Next Last

D. Verify 1099 Type of Income.

1. In the **Jump to** field, enter the 1099 Type of Income page code, ***TINC***.
2. Click **Go**.
3. Verify all records are accurate.

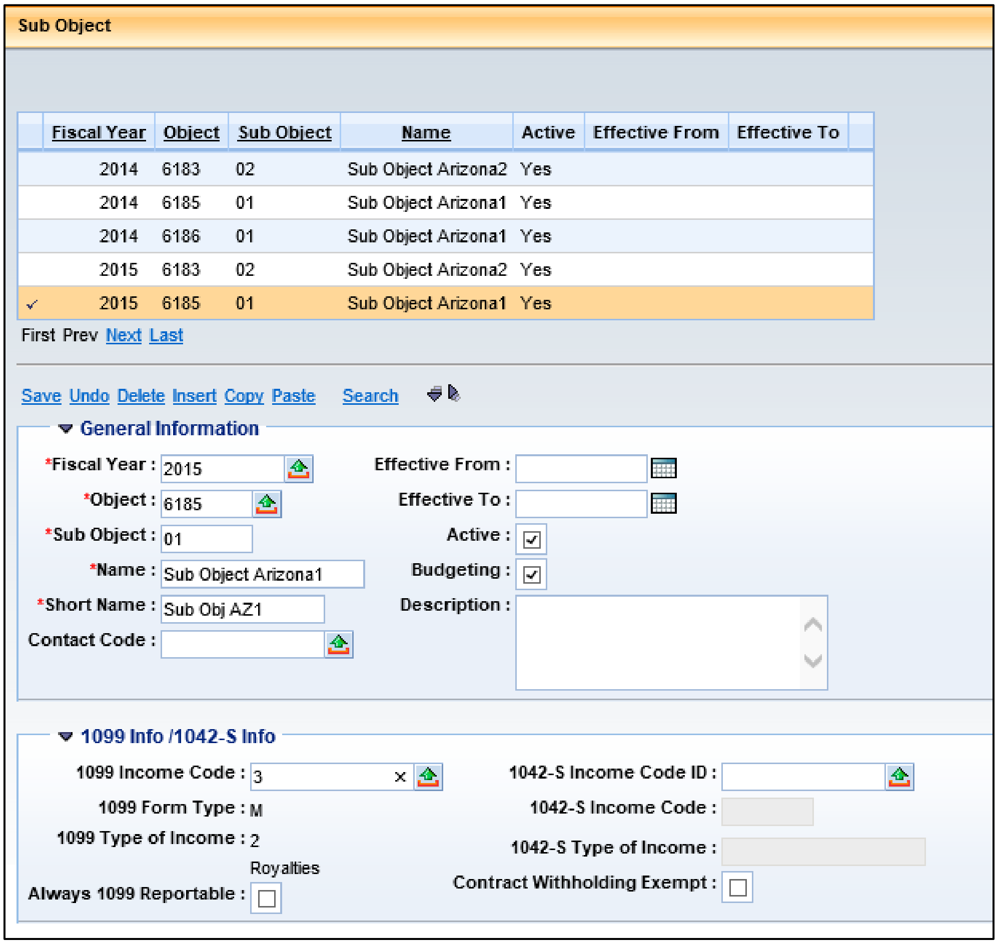
E. Verify the Object table.

1. In the **Jump to** field, enter the Object table code, ***OBJ***.
2. Click **Go**.
3. Click **Search**.
4. In the **Object** field, enter ***7531***.
5. Verify the Object table is set up correctly in the 1099 info/1042-S info section.



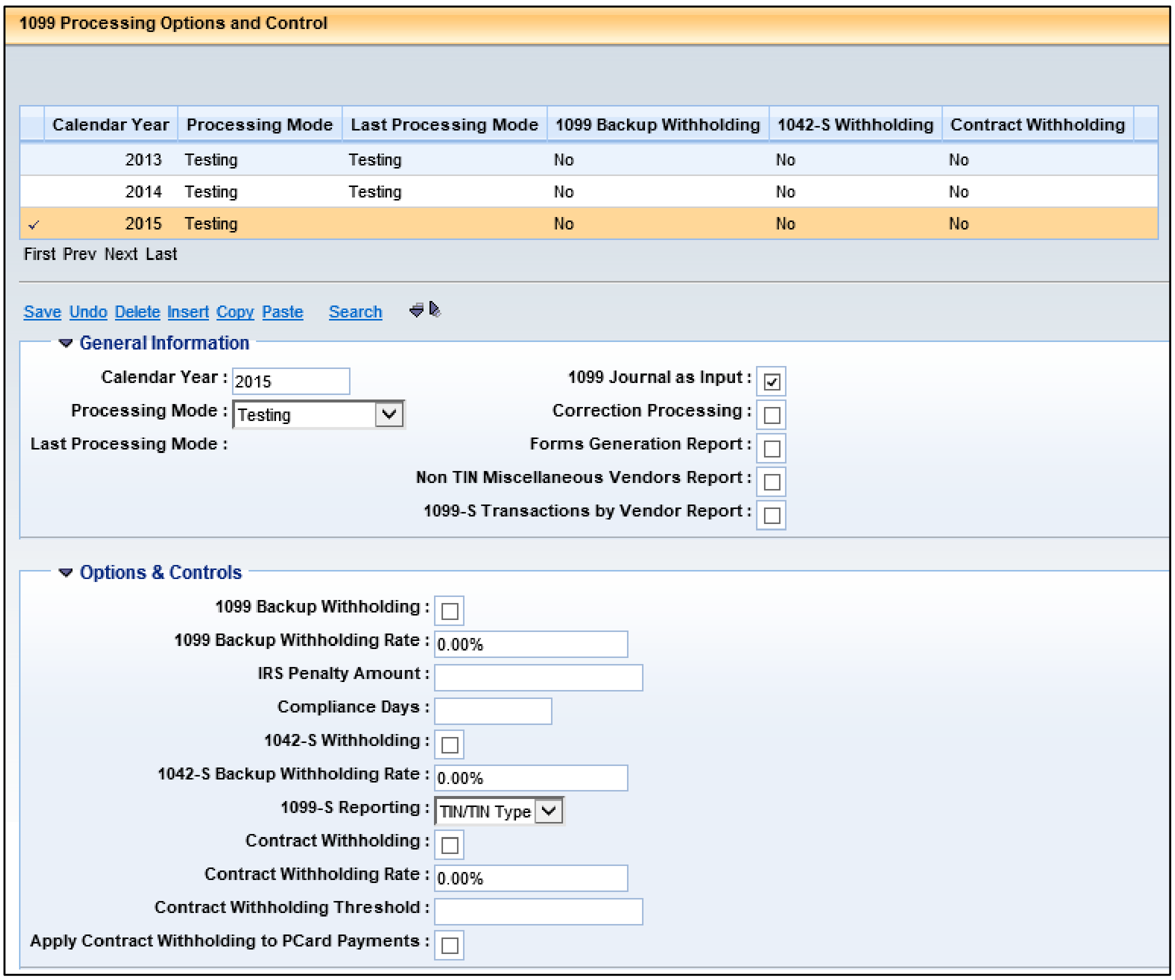
F. Verify the Sub Object table.

1. In the **Jump to** field, enter the Sub Object table code, ***SOBJ***.
2. Click **Go**.
3. Verify the Sub Object table is set up correctly.



G. Verify and update 1099 Processing Options for a Testing Mode run.

1. In the **Jump to** field, enter the 1099 Processing Options page code, ***1099P***
2. Click **Go**.
3. Click **Search**.
4. In the **Calendar Year** field, enter ***the current calendar year***.
5. Click **Ok**.
6. Verify the **Processing Mode** is set to ***Testing***.
7. Verify the checkbox for **1099 Journal as Input** is checked.
8. Verify that in the Options & Controls component, **1099-S Reporting** is set to ***TIN/TIN Type***.
9. Click **Save**.



10. Click **Home** in the Primary Navigation Panel to return to the Home Page.

Lesson Summary

In this lesson, you:

- Examined the table setup for 1099 processing
- Reviewed the setup processing steps

Check Your Progress

1. Which of the following are fields for records on the VORGCL table?
    a. Organization Type
    b. Classification
    c. Taxpayer ID Number Type
    d. 1099 Reporting Classification
    e. All of the above

2. The Offline 1099 Processing batch job is run in Testing mode to preview the 1099 Report.
    a. True
    b. False

4. Department 1099 Review and Adjustments

Learning Objectives

In this lesson, you will:

- Examine the department 1099 review process
- Examine the 1099 adjustment process
- Modify vendor 1099 information

Lesson Overview

In January, or earlier if needed, of each year, AFIS produces preliminary 1099 reports. Departments review these reports and make necessary adjustments on the 1099 file. This process continues until the final year-end 1099 report is produced.

4.1. 1099 Review Process

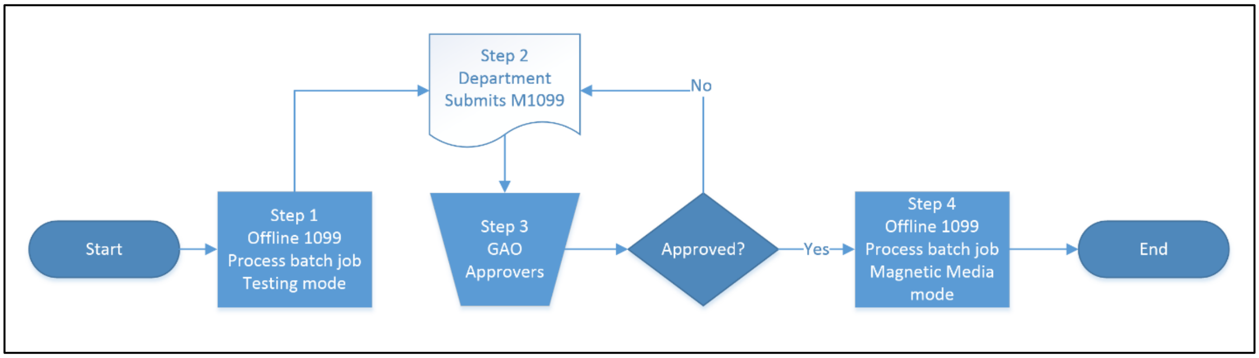
Reports are made available for Departments to review and verify 1099 reporting information. Specific 1099 reporting parameters include: As of Date (required), Department, Unit, Object, and Sub-Object. The reporting process selects records based on a disbursement date range. Departments can review and make modifications for the entire calendar year.

Steps

The 1099 Review process steps are outlined below and represented in Figure 1.

1. The Offline 1099 Process batch job is run in Testing Mode from the Accounting Journal to pull the most up to date data form the Accounting Journal.
2. Departments initiate any necessary corrections by submitting a 1099 Maintenance (M1099) document.
3. GAO approves the M1099 Document. If the document is rejected, it returns to the Department level for correction and resubmission.
4. GAO executes the Offline 1099 Process in Magnetic Media mode to generate the files for forms and media generation to be sent to the vendors and the IRS.

Figure 1: 1099 Review Process (AP-TB-025)



4.2. 1099 Adjustments

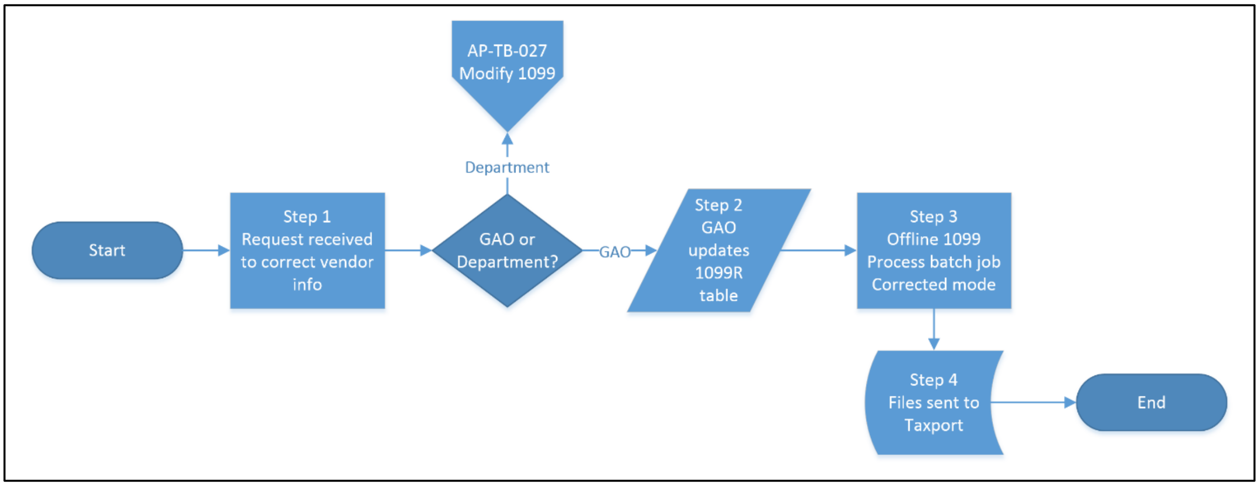
An adjustment is similar to a correction. It is a transaction that takes place outside the financial system, and therefore there is no record for it. For example, a department "gives" a vendor 20 tickets to a charity kick-off event. There is no financial transaction linked to this, but the state designates a value (for example $600). Since no payment document went to the vendor, an M1099 gets created in the amount of $600 to represent the cash value of the ticket. Users will add 1099 records when transactions have not been recorded in the financial system, and then make adjustments to current records. The processing steps for an adjustment include:

Steps

The 1099 adjustment process is outlined below and represented in Figure 2.

1. A request is received from the vendor to correct vendor 1099 information. For any 1099 updates, the vendor needs to send a new W-9 form to the department for the vendor that is initiated in AFIS. If reported income amount updates are needed, and if it is a GAO level change then proceed to step 2, otherwise reference AP-TB-027 for M1099 document, and proceed to step 3.
2. Departments notify GAO to make those necessary updates to the 1099R table directly, proceed to step 3.
3. Once all the updates are made to the M1099 document and 1099R tables, the 1099 Reporting Process batch job is executed again with the processing mode set to "Corrected".
4. The 1099 corrected files created by the 1099 Reporting Process batch job are loaded to the Taxport website. Taxport transmits the corrected 1099 files to the IRS, and distributes the corrected 1099 forms to the vendors.

Figure 2: 1099 Adjustment Process (AP-TB-026)



Modify 1099 Reported Income

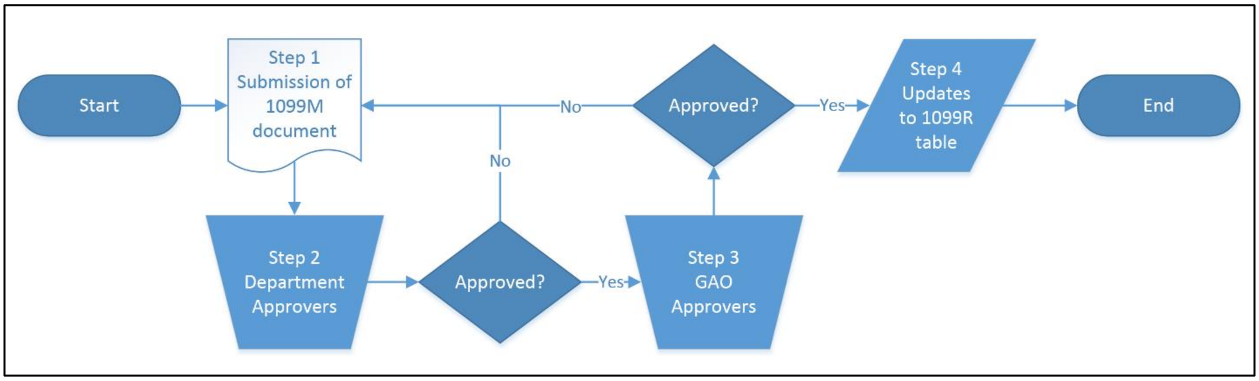
Modifying the 1099 Reported Income requires the creation, submission and approval of a 1099 Maintenance (M1099) document.

Steps

The 1099 Modification process is outlined below and represented in Figure 3.

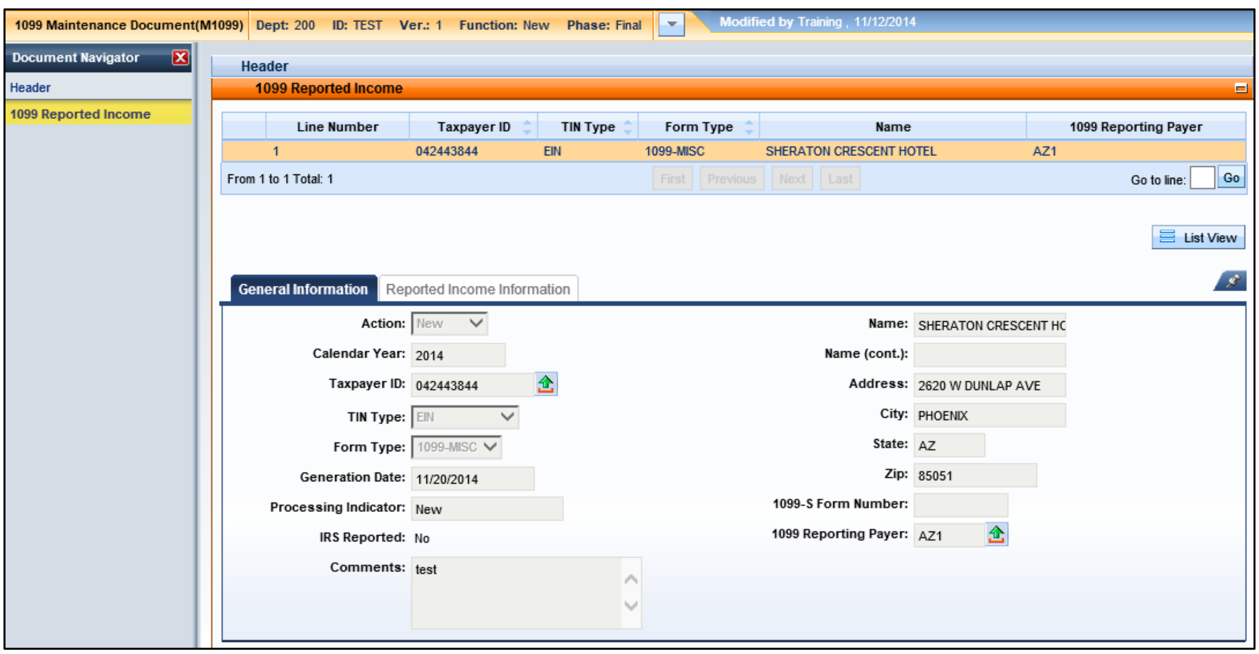
1. The requesting department is responsible for the drafting of the 1099 Maintenance (M1099) document in the system. Information entered on the M1099 includes 1099 Calendar Year, TIN number, TIN Type, Form Type, and Reported Income amount, etc. Any supporting documentation may be attached to the document at this time. Upon completion of the data entry, the M1099 document is submitted and routed for approval.
2. The M1099 document and any attached documentation are reviewed by an authorized department level approver. If the approver determines that the M1099 document has missing or incorrect data, then the M1099 document is rejected and returned for corrections in Step 1. If the approver determines that the M1099 data are correct, then the M1099 document is approved and proceeds to the next step.
3. The M1099document and any attached documentation are reviewed at the central department level, GAO, as the final review. If the approver determines the M1099 document has missing or incorrect data, then the M1099document is rejected and returned for corrections in Step 1. If the approver determines the M1099 document data are acceptable, then the M1099 document is approved and proceeds to the next step.
4. The M1099 document final submission updates the 1099 Reported Income (1099R) table within AFIS.

Figure 3: 1099 Modification (AP-TB-027)



1099 Maintenance Document – Data Entry

There are only 2 components on the 1099 Maintenance (M1099) document, the Header and the 1099 Reported Income components. The Header component contains the general document information. The 1099 Reported Income component is where the relevant maintenance information is entered.



On the 1099 Reported Income component the action list provides an option for modifying the income reported. On the Reported Income Information tab, the numbered box fields correspond to the boxes on the paper form.

Activity 4.2

Make Adjustments Prior to Issuance of 1099s

Scenario

You are ready to review the results and make any necessary changes prior to the issuance of 1099s.

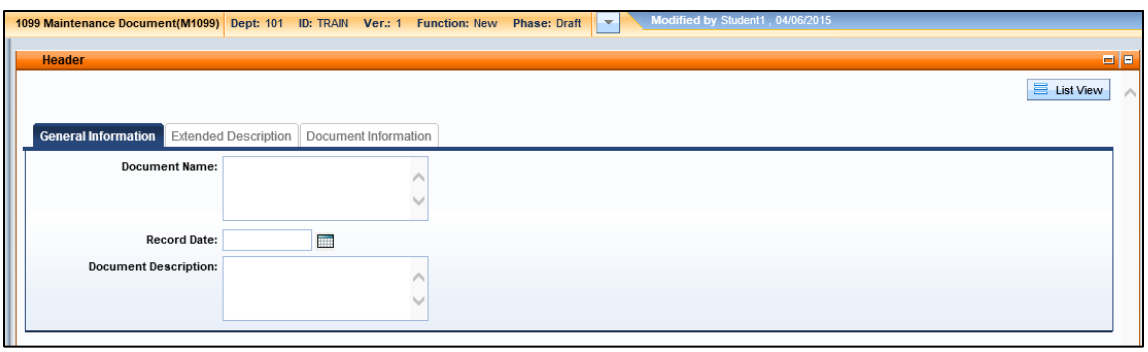
Setup

✓ User is logged into the AFIS Home Page.

Steps

A. Create an M1099 Document.

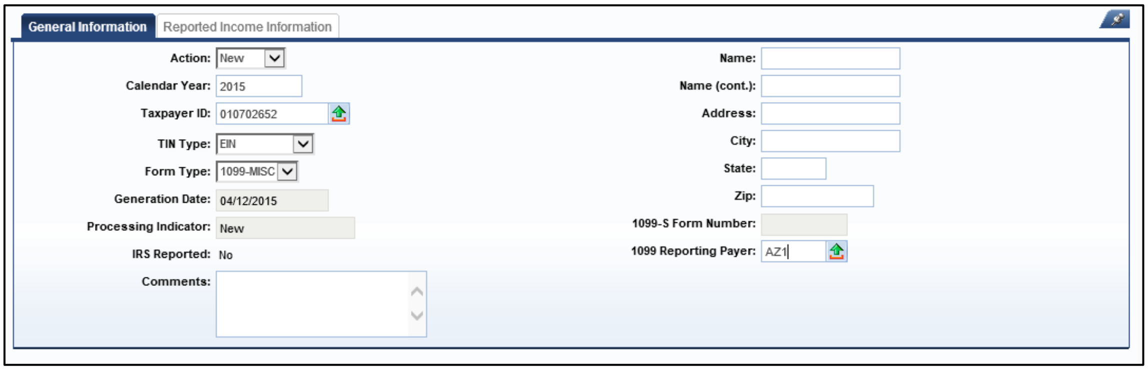
1. In the Secondary Navigation Panel, click **Search**.
2. Click **Document Catalog**.
3. In the Document Catalog, click **Create**.
4. In the **Code** field enter ***M1099***.
5. In the **Dept** field enter ***your student data card***.
6. In the **ID** field, enter ***TRAIN##*** (where ## is your student number).
7. Click **Create**.



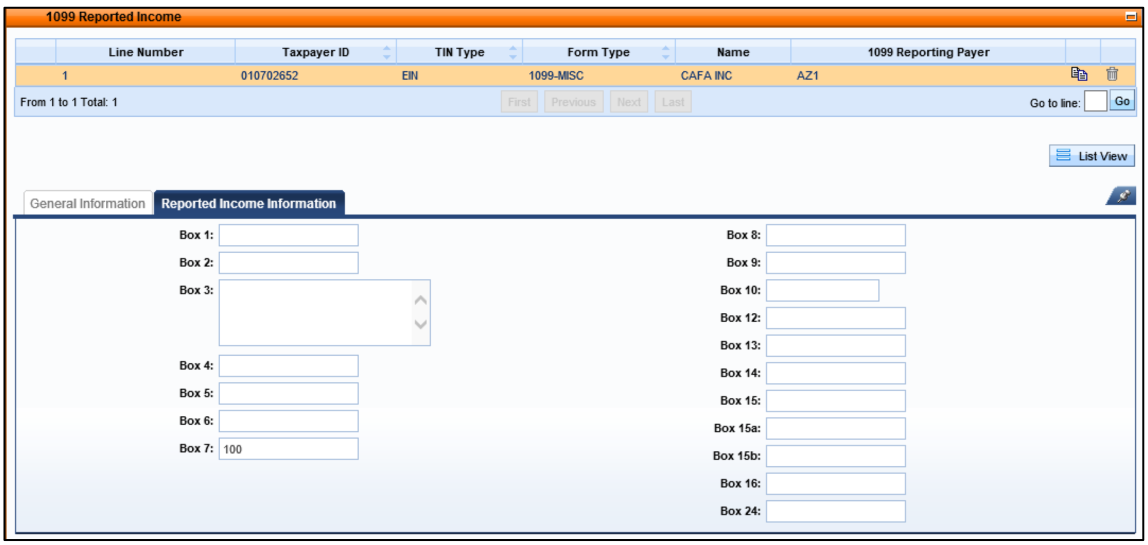
B. Complete the 1099 Header Section Component of the M1099 document.

1. In the **Document Description** field, enter ***Adding Reported Income.***
2. Click the **1099 Reported Income** component.
3. Click **Insert New Line**.
4. In the **Action** drop down menu, select **New**.
5. In the **Calendar Year** field, enter ***the current calendar year***.
6. In the **Taxpayer ID** field, enter ***010702652***.
7. In the **TIN Type** drop down menu, select ***EIN***.
8. In the **Form Type** drop down menu, select **1099-MISC**.

9. In the **1099 Reporting Payer** field, select **AZ1** from the pick list.



10. Click the **Reported Income Information** tab.
11. In the **Box 7** field, enter ***100***.
12. Click the **Save** link.



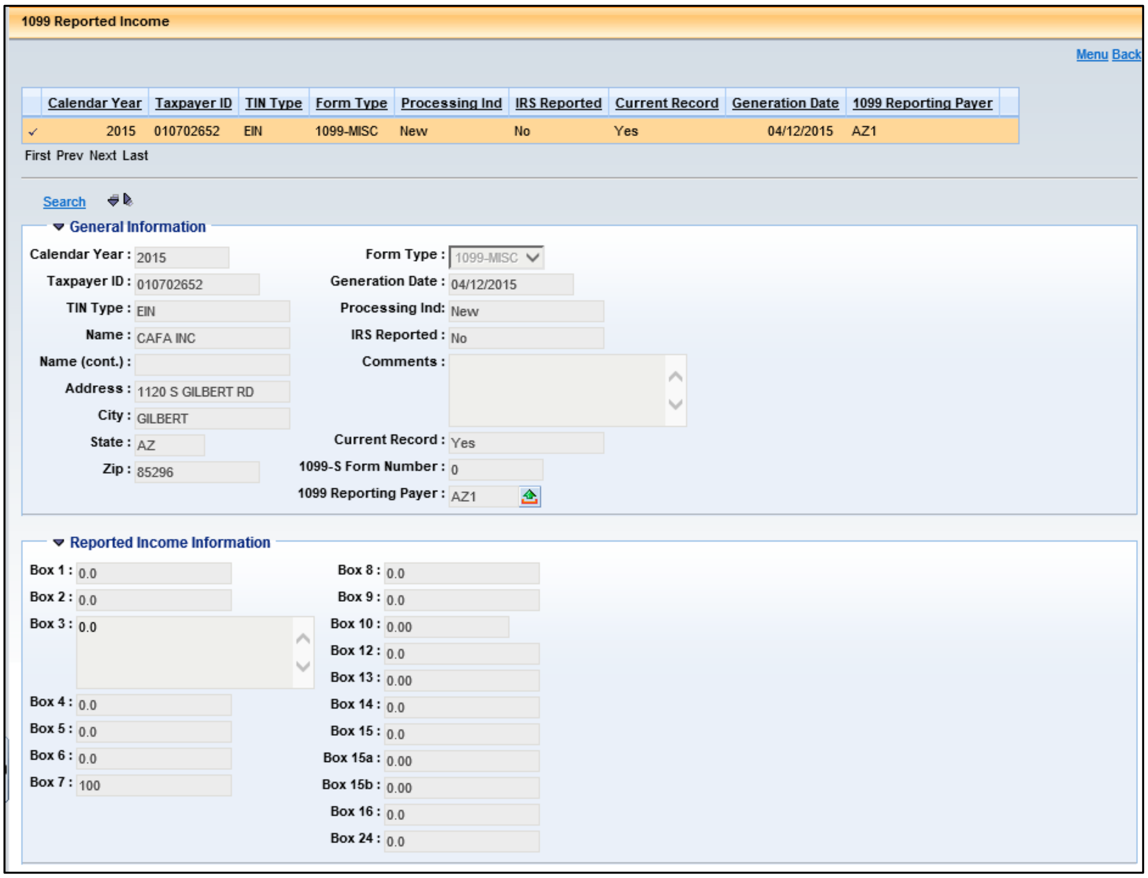
C. Validate and submit the document.

1. Click the **Validate** button and check for errors. If any errors exist, correct the errors and click the **Validate** button again. If the validation is successful, the following message displays in the upper left corner of the screen: "**Document validated successfully**."
2. Click the **Submit** button to submit the document for approval after all errors are resolved. If the submission is successful, the following message displays in the upper left corner: "**Document submitted successfully**." The M1099 Document is now in Final phase.
3. Click **Close**.
4. To return to the Home Page, click the **Home** icon in the Primary Navigation Panel.

D. Verify the 1099R page has been updated.

1. In the **Jump To** field, enter the 1099 Reported Income page code, ***1099R***.
2. Click **Go**.

3. Click **Search**.
4. In the **Calendar Year** field, enter ***the current calendar year***.
5. In the **Taxpayer ID** field, enter ***010702652***.
6. Click **Ok**.
7. Click the **Reported Income Information** tab.
8. In the **Box 7** field, verify the entry is **100**.



9. To return to the Home Page, click the **Home** icon in the Primary Navigation Panel.

4.3. Modifying Vendor Information

Modify Vendor Information before Creating 1099 Forms

Because 1099 data is obtained from the 1099 Journal during the execution of the Offline 1099 Process based on a Vendor's Vendor/Customer Code, Vendor information such as the Legal Name or the 1099 mailing address can be changed at any time before forms are generated without affecting the reported income and forms output. A Vendor Customer Modification (VCM) based document is used to modify or add to an existing vendor or customer record. This document is used to update Vendor/Customer table information, Customer Account Options table information, and 1099 Reporting Information table information.

Change Vendor's TIN During the Calendar Year

If a Vendor notifies the State during the calendar year that their Taxpayer Identification Number (TIN) has changed, a Vendor Customer Modification (VCM) based document is used to record the change for the new TIN/TIN Type. Once the VCM based document is approved, the 1099I page will need to be manually updated to ensure that all reportable transactions for that Vendor are reported under the new TIN.

On the 1099I page, a field called **Update all Vendors** can be used to update any vendor codes that may have an incorrect TIN associated with them and update those to the new TIN.

ACTIVITY 4.3

Change a Vendor's TIN During Calendar Year

Scenario

You have received a request to update the information in AFIS for a vendor. Use a Vendor Customer Modification based document, the VCMD1, to make the necessary changes and then update the 1099 Reporting Information page.

Setup

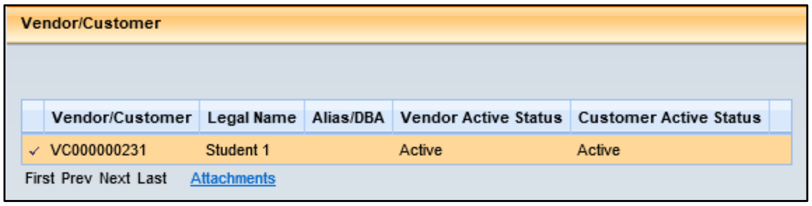
- ✓ User is logged into the AFIS Home Page.

Steps

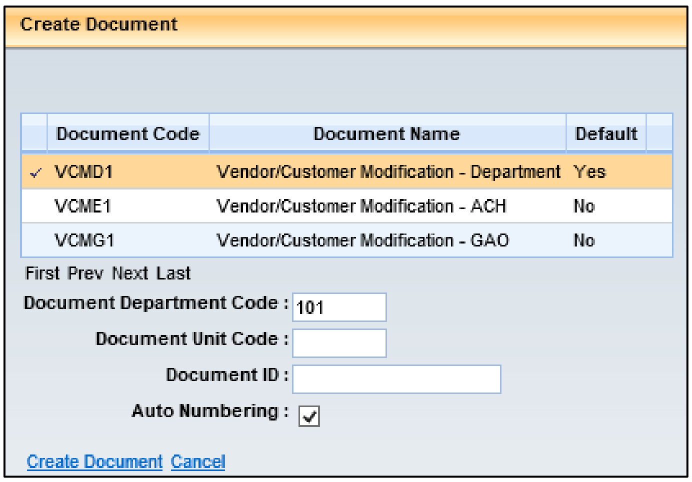
A. Create a Vendor/Modification (VCMD1) document.

1. In the **Jump to** field, enter ***VCUST***.
2. Click **Go**. The VCUST table opens. A search popup window opens.
3. In the Search window, in the **Vendor/Customer** field, enter ***your student data card***.

4. Click **Ok**. The Vendor/Customer table opens with the record displayed.



5. At the bottom of the page, click the **Modify Existing Record** link.
6. In the **Create Document** screen, select **VCMD1**.
7. In the **Document Department Code** field, enter ***your student data card***.
8. Check the **Auto Numbering** box.



9. Click **Create Document**. The VCMD1 document opens with the Vendor/Customer existing information populated.

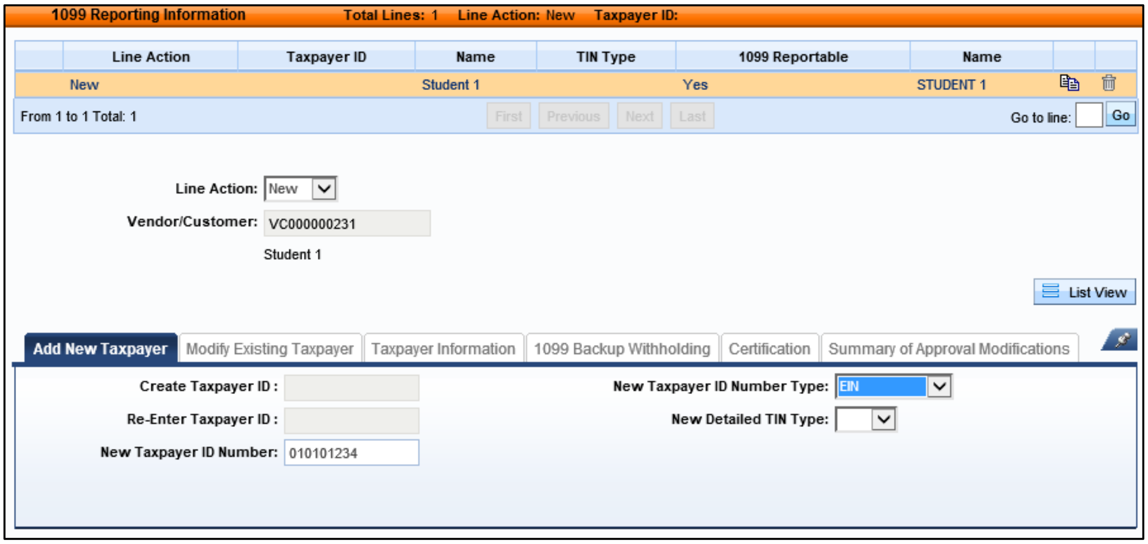
B. Complete the Header component of the VCM.

1. In the Document Description field, enter New TIN for Vendor.

C. Complete the 1099 Reporting Information component Add New Taxpayer tab of the VCMD1.

1. From the Secondary Navigation panel, click **1099 Reporting Information**.
2. Click **Insert New line**.
3. From the **Line Action** drop down list, select **New**.
4. Click the **Load Values** button.
5. In the **New Taxpayer ID Number** field, enter ***your student data card***.

6. From the **New Taxpayer ID Number Type** drop down list, select **EIN.**



7. Click the **Taxpayer Information** tab.
8. In the **Address** field, enter ***an address of your choice***.
9. In the **City** field, enter ***a city of your choice***.
10. From the **State** pick list, select ***a state of your choice***.
11. In the **ZIP code** field, enter ***a ZIP code of your choice.***

D. Complete the Certification component

1. Click **Insert New line**.
2. Click **Load Values** button.

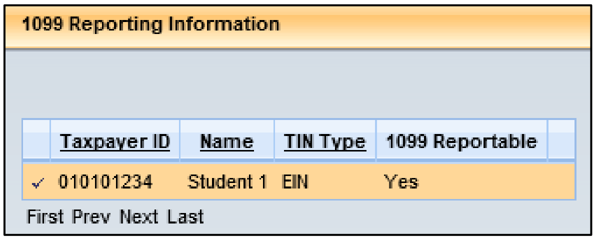
E. Validate and submit the VCM document.

1. Click the **Validate** button to check for errors. If any errors exist, correct the errors and click the **Validate** button again. If the validation is successful, the following message displays in the upper left corner of the screen: "**Document validated successfully**."
2. Click the **Submit** button to submit the document for approval after all errors are resolved. If the submission is successful, the following message displays in the upper left corner: "**Document submitted successfully**."
3. Click **Close**.
4. Click **Home**.

F. Update the 1099 Reporting Information page.

1. In the **Jump to** field, enter ***1099I***.
2. Click **Go**.
3. On the **1099 Reporting Information** page, click **Search**.
4. In the **Taxpayer ID** field, enter ***the vendor name that you just entered.***

5. Click **Ok**.



6. Select the line in the grid for the old taxpayer ID.
7. Click **TIN Change** to expand that section.
8. In the **New TIN** field use the picklist or enter in the new Taxpayer ID number.
9. Check the Update all Vendors checkbox.
10. Click **Save**.

11. Click **Home** in the Primary Navigation Panel to return to the Home Page.

Lesson Summary

In this lesson, you:

- Examined the department 1099 review process
- Examined the 1099 adjustment process
- Modified vendor 1099 information

Check Your Progress

1. Departments modify 1099 reporting information by submitting a 1099M document.
   a. True
   b. False

2. What document type is used to modify vendor information?
   a. VCC based document
   b. VCO based document
   c. VCI based document
   d. VCM based document

5. Issuing and Correcting 1099s

Learning Objectives

In this lesson, you will:

- Review the process of issuing 1099s
- Review the process of correcting 1099s

Lesson Overview

The General Accounting Office will print the 1099s and mail them to vendors when the process is complete. Both before and after the file is sent to the IRS, corrections can be made based on either department review or feedback from vendors. This lesson covers the issuance and correction of 1099s.

5.1. Issue of 1099s by GAO

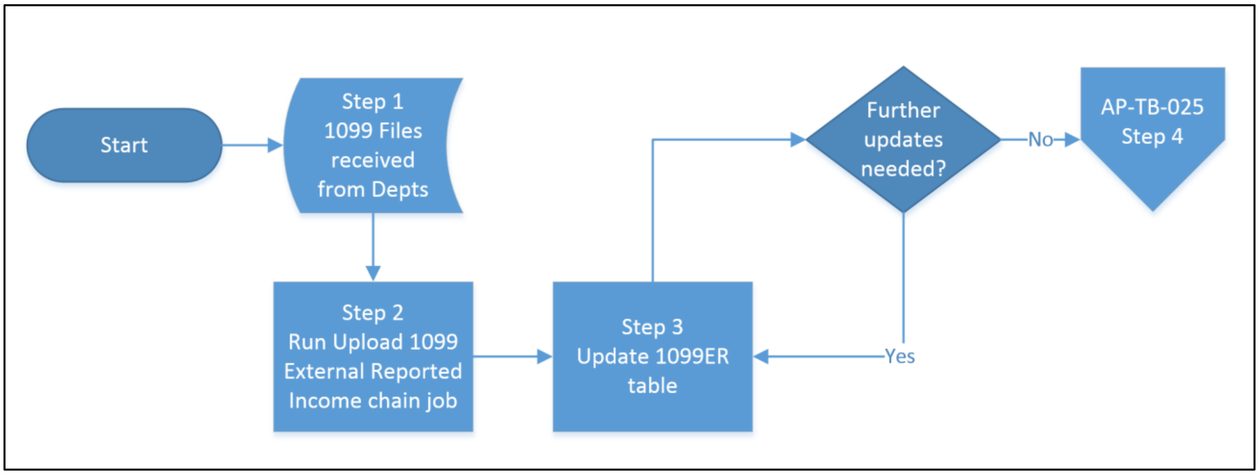
1099 information is comprised of Vendor Income, 1099 Reporting Payer, Taxpayer ID Number, and Form Type. The data is imported into a third party tool (i.e. Convey Taxport) to generate the printed 1099-MISC, 1099-INT, 1099-G, and 1099-S forms. Convey Taxport also generates the IRS magnetic file for upload to the IRS system.

1099 Reporting

The 1099 Reporting process is represented by Figure 4 below. Once the General Accounting Office (GAO) receives 1099 files for 1099A, 1099C, or 1099R from departments after their review of the 1099 information, the Upload 1099 External Reported Income batch job runs as needed. This batch job uploads external 1099 reported income by 1099 Reporting Payer, Taxpayer ID Number and Type to the 1099 External Reported Income Table (1099ER).

Records are added to the 1099ER table by the Upload 1099 External Reported Income batch job. If further updates to the 1099ER table are needed, it can be directly updated by an authorized user. If no updates are needed, the 1099 Processing Batch Job is run with the Processing Mode set to Magnetic Media mode.

Figure 4: 1099 Reporting (AP-TB-028)



1099 Processing Options and Control Page

The Forms Generation Report can be run in Testing mode, which generates a preview of the information to be reported to the IRS, and Forms mode, which is used to view the information in a condensed format and provides a listing of the total forms generated for each form type. In order to issue the 1099s, the Processing Mode on the 1099 Processing Options and Control (1099P) page must be changed to **Forms**, with a checkmark placed next to **Forms Generation Report**.

Offline 1099 Batch Job

The Offline 1099 Batch Job generates reports that the General Accounting Office uses for reconciliation. The output of the batch job is a file which is imported into Convey Taxport for printing and magnetic media generation. A file will only be created if there are corresponding records for that form type that have federal withholding or exceed the threshold on the Reported Income table.

Submit Magnetic File to IRS

Once the magnetic media file is verified for accuracy, the Processing Mode on the 1099 Processing Options and Control (1099P) page must be changed to Magnetic Media. When the Offline 1099 Batch Job is run, a report is generated that contains any updates made after the Forms mode batch job was run. The change files are imported into Convey Taxport for generation of the magnetic media file. The magnetic media file may be written to tape/cartridge or may be submitted electronically. A Magnetic Media Audit Report is also generated when the magnetic media file is created, which displays the contents of the magnetic media file.

5.2. Correcting 1099 Forms

After the yearly 1099 file has been submitted to the IRS, corrections can still be made in AFIS, and the magnetic media and form data can be recreated. Once the 1099 Batch Job is run in Magnetic Media mode, the 1009P Processing Mode is changed to Corrected. Corrected mode allows records to be picked up and corrected 1099 forms generated.

Correcting 1099 Forms

In order to apply corrections to 1099 records after they have been issued, a 1099 Maintenance (M1099) document is processed. The M1099 enables authorized users to create or modify 1099 Reported Income (1099R) records.

Steps

1. The 1099P page Processing Mode is set to **Corrected** for the appropriate Calendar Year.
2. Create and complete a M1099 document.
3. Validate and Submit the M1099.
4. Verify that the record on the 1099R has been updated.
5. The Offline 1099 Batch Job runs which only pulls corrected records to the export files.
6. Verify the information on the 1099R. Each record has a processing date and indicator. Each record provides a log of the processing history, identifies if forms have been issued, which records have been reported to the IRS on magnetic media, or if the files have been corrected.

Lesson Summary

In this lesson, you:

- Reviewed the process of issuing 1099s
- Reviewed the process of correcting 1099s

Check Your Progress

1. What type of file is sent to the IRS?
   a. Zip file
   b. Excel file
   c. Magnetic file

2. 1099 Reporting information cannot be changed once it has been submitted to the IRS.
   a. True
   b. False

Appendix

Answer Keys

Below are answer keys to the Check Your Progress quizzes provided at the end of each lesson.

Lesson 2

1. c. The IRS sends the State a magnetic file for processing
2. a. True

Lesson 3

1. e. All of the above
2. a. True

Lesson 4

1. a. True
2. d. VCM based document

Lesson 5

1. c. Magnetic file
2. b. False